MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 805

S.P. 306

In Senate, March 16, 1989

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on Taxation suggested and ordered printed.

JOY J. O'BRIEN

Secretary of the Senate

Presented by Senator ANDREWS of Cumberland.
Cosponsored by Representative CASHMAN of Old Town, President PRAY of Penobscot and Speaker MARTIN of Eagle Lake.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Create the Individual Income Tax Windfall Fund.

(EMERGENCY) (After Deadline)



i	Emergency preamble. Whereas, Acts of the Legislature do not
3.	become effective until 90 days after adjournment unless enacted as emergencies; and
5	Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and
7	
9	Whereas, overcollections of individual income taxes have occurred and will continue to occur on a monthly basis; and
11	Whereas, the Legislature wishes to mitigate the impact of these overcollections by segregating them from other General Fund
13	revenue, reviewing and analyzing the reasons for the overcollections continued occurrence and developing plans for
15	their ultimate return to the people of Maine; and
17	Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of
19	Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and
21	safety; now, therefore,
23	Be it enacted by the People of the State of Maine as follows:
25	5 MRSA §1516 is enacted to read:
27	§1516. Individual Income Tax Windfall Fund
29	1. Individual Income Tax Windfall Fund established. There is established the Individual Income Tax Windfall Fund which
31	shall be maintained for the sole purpose of mitigating the impact of overcollections of individual income taxes by the State.
33	2. Transfers to fund. Notwithstanding any other provision
35	of law, the State Controller shall transfer to the Individual Income Tax Windfall Fund, on a month-by-month basis, that portion
37	of actual undedicated General Fund revenues derived from individual income taxes that exceed the official revenue estimate
39	for that month. For purposes of this section, the "official revenue estimate" is the one provided by the State Budget Officer
41	in a monthly chart last revised on February 2, 1989.
43	3. Initial transfer. The initial transfer of funds by the State Controller into the Individual Income Tax Windfall Fund
45	shall be the amount of actual excess individual income tax

collections for the month of January 1989, less the amount

necessary to balance actual year-to-date individual income tax collections with the official year-to-date revenue estimate for

the 7 months which ended January 31, 1989.

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1	4. Investment earnings on funds deposited in the individual
	Income Tax Windfall Fund. Any funds transferred to the
3	Individual Income Tax Windfall Fund shall be invested by the
	Treasurer of State in accordance with applicable provision of law
5	and all earnings on these funds shall be credited to this fund.
7	5. Fund adjustments. A transfer from this fund shall be made to the General Fund to offset the loss of revenue that
9	otherwise would occur in any month in which individual income tax
	collections are less than the official budget estimate for that
11	month.
13	6. State Auditor review. The State Auditor shall verify that the amount transferred into the Individual Income Tax
15	Windfall Fund monthly and the amount transferred to the General Fund, if any, in the event of an undercollection is accurate and
17	reasonable.
19	7. Expenditures from fund. Appropriations from the
21	Individual Income Tax Windfall Fund shall be made in the same
21	manner as appropriations from the General Fund. The powers over special state funds granted to the Commissioner of Finance in
23	section 1508 shall not apply to the Individual Income Tax Windfall Fund.
25	
27	8. Effective date. This Act shall take effect on January 1, 1989.
29	Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.
31	produbte, this act shall take circle when approved.
33	FISCAL NOTE
35	Due to the effective date of this bill, the State Controller will have to immediately transfer \$11,840,302 from the General
37	Fund into the Individual Income Tax Windfall Fund. Any transfer
39	to this fund will result in a decrease of potential General Fund surplus.
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	STATEMENT OF FACT
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The purpose of this bill is stated in the emergency preamble.