

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## FIRST REGULAR SESSION - 1989

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Legislative Document

No. 863

S.P. 326

In Senate, March 21, 1989

Submitted by the Department of Agriculture, Food and Rural Resources pursuant to Joint Rule 24.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator PERKINS of Hancock.

Cosponsored by Representative TARDY of Palmyra, Representative WHITCOMB of Waldo and Representative PINES of Limestone.

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### STATE OF MAINE

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

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An Act to Allow the Maine Potato Board and the Maine Blueberry Commission to Retain Interest on the Cash Balance of Tax Funds.

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1 **Be it enacted by the People of the State of Maine as follows:**

3 **Sec. 1. 36 MRSA §4311-A, sub-§1**, as enacted by PL 1983, c.  
5 836, §8, is amended to read:

7 1. **Collection and enforcement.** For the collection of the  
9 taxes imposed by this law and the enforcement of this chapter,  
11 Any , any funds which accrue to the blueberry tax account and are  
13 held by the Treasurer of State shall be invested by him the  
15 Treasurer of State until disbursement is authorized by the Maine  
17 Blueberry Commission. The--first--\$20,000,--each--year,--of All  
income from any investment of blueberry tax funds shall accrue to  
the General--Fund--undicated--revenue,--any--additional--amounts  
shall--accrue--to--the blueberry tax account and shall be  
appropriated for the same purposes as specified elsewhere in this  
section.;

19 **Sec. 2. 36 MRSA §4604, sub-§4**, as enacted by PL 1985, c. 753,  
§§14 and 15, is amended to read:

21 4. **Funding; accounts.** In addition to the money received by  
23 the board pursuant to section 4606, the board may receive and  
25 expend funds from any source, public or private, which it deems  
27 necessary to carry out its legislative purposes. All money  
29 received from any source shall be placed in a nonlapsing,  
31 separate account or accounts, to be expended for the purposes.  
33 All funds generated by the tax imposed by section 4605, and to be  
held by the Treasurer of State, shall be invested until  
disbursement is authorized by the Maine Potato Board. All income  
from any investment of potato tax funds shall accrue to the  
potato tax account and shall be appropriated for the same  
purposes as specified in this chapter.

35 **STATEMENT OF FACT**

37 Under current law, interest earned on the cash balance of  
39 dedicated revenue is paid to the General Fund. The potato tax, a  
41 tax on all potatoes grown in Maine, generates revenues which fund  
43 the operations of the Maine Potato Board. Similarly, the  
45 blueberry tax, which consists of taxes on all blueberries grown,  
47 purchased, sold, handled or processed, generates revenues which  
49 fund the operations of the Maine Blueberry Commission. Since  
51 these revenues are raised entirely at the expense of potato  
producers, blueberry growers and blueberry processors and serve  
only the purposes and interests of the potato and blueberry  
industries, these taxes are commonly referred to as industry  
self-imposed taxes. Revenues produced by the tax are used only  
to defray the State's expense in collecting the Potato Tax and to  
operate the programs of the Maine Potato Board. Likewise,  
revenues produced by the Blueberry Tax are used to defray the

1 State's cost of collection and to operate the programs of the  
2 Maine Blueberry Commission. Since both the Potato Tax account  
3 and the Blueberry Tax account are nonlapsing and since program  
4 expenses in both organizations are irregular, it not unusual for  
5 sizable sums of unexpended tax funds to accumulate in either  
6 account. However, interest earned on the cash balance of the  
7 potato tax fund is paid over to the General Fund. As to the  
8 blueberry tax fund, the first \$20,000 of interest is paid over to  
9 the General Fund, with the Maine Blueberry Commission retaining  
10 interest earned in excess of \$20,000.

11  
12 This bill removes provisions in current law which result in  
13 unequal treatment of the 2 organizations and allows both  
14 organizations to retain interest earned on the cash balance on  
15 the industry taxes. The bill does not alter the general law  
applicable to interest earned on dedicated revenue.