

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1882

H.P. 1301

House of Representatives, May 22, 1991

Reported by Representative CHONKO from the Committee on Appropriations and Financial Affairs pursuant to Joint Order H.P. 51 and printed under Joint Rule 2.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act Concerning Tax Anticipation Notes for Fiscal Year 1991-92 and
the Maine Rainy Day Fund.

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not
2 become effective until 90 days after adjournment unless enacted
as emergencies; and

4
Whereas, the 90-day period will not terminate until after
6 the beginning of the next fiscal year; and

8
Whereas, certain provisions of this legislation must be in
effect prior to July 1, 1991; and

10
Whereas, in the judgment of the Legislature, these facts
12 create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
14 necessary for the preservation of the public peace, health and
safety; now, therefore,

16
Be it enacted by the People of the State of Maine as follows:

18
Sec. 1. 5 MRSA §150, 2nd ¶, as amended by PL 1991, c. 5, §1,
20 is further amended to read:

22 The Treasurer of State, with the approval of the Governor
may negotiate a temporary loan or loans in anticipation of taxes
24 levied for that fiscal year, but not exceeding a total of that
amount of taxes estimated by the Treasurer of State to be
26 collected in the fiscal year in which such temporary loan or
loans, or renewal thereof, is made, provided that such temporary
28 loans or renewals thereof shall may not exceed any limitation set
forth in the Constitution of Maine, Article IX, Section 14. Such
30 loans may be renewed from time to time as the Treasurer of State,
with the approval of the Governor, may determine, provided that
32 each loan or renewal thereof shall must be retired not later than
the close of the fiscal year in which such loan was originally
34 made and for which were levied the taxes in anticipation of
the collection of which such loan was originally made; and that
36 each such loan or renewal thereof shall must comply with the
provisions of this section and the Constitution of Maine, Article
38 IX, Section 14. The Treasurer of State is directed to pay such
loan or loans in anticipation of taxes during such year and there
40 is appropriated for any year in which the Treasurer of State and
the Governor deem it necessary to borrow in anticipation of taxes
42 the sum of \$30,000,000; except that for fiscal year 1990-91
1991-92, the sum may not exceed ~~\$125,000,000~~ \$150,000,000.

44
Sec. 2. 5 MRSA §1513, sub-§1, as enacted by PL 1985, c. 488,
46 is amended to read:

48
1. Maine Rainy Day Fund. The State Controller shall at the
close of each fiscal year transfer from the unappropriated
50 surplus of the General Fund to the Maine Rainy Day Fund an amount
~~not to exceed~~ 1/2 the excess of total General Fund revenues

2 received over accepted estimates in that fiscal year. No accepted
3 revenue estimate shall may be increased after adjournment of each
4 First Regular Session of the Legislature except as provided. For
5 the first year of the biennium, revenue estimates for the 2nd
6 year of the biennium may be adjusted once during the Second
7 Regular Session of the Legislature. Accepted revenue estimates
8 may be increased for other fiscal periods only if an amount not
9 to exceed 1/2 of the increase is appropriated to the Rainy Day
10 Fund at the same time. The fund shall may not exceed \$25,000,000
11 which shall 4% of the total General Fund revenues received in the
12 immediately preceding fiscal year and may not lapse, but remain
13 in a continuing carrying account to carry out the purposes of
14 this Act section. No reduction in the fund is necessary in the
15 event the total General Fund revenues received in the immediately
16 preceding fiscal year are less than the total General Fund
17 revenues received in the fiscal year 2 years previous and if the
18 fund is at its 4% limit.

19 **Sec. 3. Tax Anticipation Note Debt Service Account established.**

20 The Tax Anticipation Note Debt Service Account is established for
21 the purpose of meeting the State's obligation, including issuance
22 costs, as a result of any tax anticipation notes that may be
23 issued to meet expenditures already incurred by State Government
24 during fiscal year 1991-92. Any earnings in excess of those
25 needed to service this debt must be transferred to the General
26 Fund no later than June 30, 1992.

27 **Sec. 4. Treasurer of State authorization.**

28 The Treasurer of State is authorized to set aside sufficient General Fund revenues in
29 fiscal year 1991-92 in the event there are insufficient resources
30 in the debt service account established in section 3 of this Act
31 to meet principal, interest and related payments. The Treasurer
32 of State shall report to the Joint Standing Committee on
33 Appropriations and Financial Affairs the amount, if any, of
34 General Fund revenue set aside.

35 **Emergency clause.** In view of the emergency cited in the
36 preamble, this Act takes effect when approved.
37

38
39
40 **FISCAL NOTE**

41
42 This bill increases the statutory limit on the Treasurer of
43 State's borrowing in anticipation of taxes in fiscal year 1991-92
44 only from \$30,000,000 to \$150,000,000. This increase is needed
45 because the amount of General Fund cash will be insufficient to
46 meet General Fund expenditures already incurred or to be incurred
47 early in fiscal year 1991-92.

48
49 This bill also establishes an account to service the
50 principal, interest and issuance costs associated with the fiscal

2 year 1991-92 tax anticipation notes. Any funds remaining in this
account after all principal, interest and issuance payments have
4 been made must be transferred to the General Fund.

6 The exact amount of the debt service requirements and any
net earnings to the General Fund can not be determined at this
8 time.

10 This bill also increases the cap on the Maine Rainy Day Fund
from \$25,000,000 to 4% of the total General Fund revenues
12 received in the immediately preceding fiscal year. Based upon
budgeted General Fund revenue estimates for fiscal year 1990-91
14 of \$1,431.9 million, the Maine Rainy Day Fund would be capped at
\$54.3 million for fiscal year 1991-92 if actual General Fund
16 revenues were to come in at that level.

18 STATEMENT OF FACT

20 This bill:

22 1. Increases the maximum amount the Treasurer of State is
authorized to borrow in anticipation of taxes for fiscal year
24 1991-92 to \$150,000,000;

26 2. Establishes a Tax Anticipation Note Debt Service Account
and clarifies that issuance costs related to the tax anticipation
28 notes are an allowable expense to the Tax Anticipation Note Debt
Service Account;

30 3. Provides the Treasurer of State with authority to set
32 aside General Fund revenues if for any reason there are
insufficient resources in the Tax Anticipation Note Debt Service
34 Account to meet all debt service obligations resulting from the
issuance of tax anticipation notes. The Treasurer of State,
36 under the Constitution of Maine, Article V, Part Third, Section
5, has the authority to set aside General Fund revenues if there
38 are insufficient resources to meet the State's bonded debt
obligations. This bill extends a comparable authority for any
40 tax anticipation notes to be issued in fiscal year 1991-92; and

42 4. This bill changes the maximum funding level of the Maine
Rainy Day Fund from \$25,000,000 to 4% of the General Fund
44 revenues received in the immediately preceding fiscal year.