

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1307

H.P. 961

House of Representatives, March 11, 2003

**RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Create the Maine Economic Stabilization and Endowment  
Fund**

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Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative WOODBURY of Yarmouth.

Cosponsored by Representatives: DUDLEY of Portland, DUPLESSIE of Westbrook, EDER of Portland, MILLETT of Waterford, MILLS of Cornville, Senator: TURNER of Cumberland.



2 amendment proposed in this resolution by voting upon the  
following question:

4 "Do you favor amending the Constitution of Maine to  
6 authorize the Legislature to create an economic  
stabilization and endowment fund?"

8 The legal voters of each city, town and plantation shall  
10 vote by ballot on this question and designate their choice by a  
cross or check mark placed within the corresponding square below  
12 the word "Yes" or "No." The ballots must be received, sorted,  
counted and declared in open ward, town and plantation meetings  
14 and returns made to the Secretary of State in the same manner as  
votes for members of the Legislature. The Governor shall review  
16 the returns and, if it appears that a majority of the legal votes  
are cast in favor of the amendment, the Governor shall proclaim  
18 that fact without delay and the amendment becomes part of the  
Constitution of Maine on the date of the proclamation; and be it  
further

20  
22 **Secretary of State shall prepare ballots. Resolved:** That the  
Secretary of State shall prepare and furnish to each city, town  
24 and plantation all ballots, returns and copies of this resolution  
necessary to carry out the purpose of this referendum.

## 26 SUMMARY

28  
30 This resolution proposes an amendment to the Constitution of  
Maine to authorize the Legislature to create a budget  
32 stabilization and endowment fund. This fund would be established  
in lieu of the unprotected Maine Rainy Day Fund as a  
34 constitutionally protected asset of the State with explicit fund  
contribution requirements and distribution limitations.

36 The purposes of an economic stabilization and endowment fund  
would be to serve as a permanent endowment fund of the State with  
38 an asset base of that grows over time and provides supporting  
distributions for programs and initiatives of State Government in  
40 perpetuity; as an economic stabilization fund that provides  
supplementary distributions to the State during budget years of  
42 economic stagnation and recession; and as an emergency liquidity  
fund that provides short-term distributions to the State when  
44 revenues fall unexpectedly short of budgeted projections.

46 The fund would be built up through monthly transfers of 2%  
of the General Fund revenue in any year in which the fund balance  
48 does not exceed the amount of revenue collected in the  
immediately preceding fiscal year and by a transfer of 1/2 of any  
50 General Fund surplus revenue.

2           Annually, 4% of the fund assets would be transferred to the  
General Fund to be appropriated by the Legislature as part of its  
4 normal budget-making process. The fund would also provide budget  
stabilization distributions. The proposed amendment would allow  
6 for a supplemental transfer of up to 2% of fund assets during  
fiscal years when budgeted economic growth is at least 1% below  
8 long-term economic growth trends or up to 4% of fund assets when  
budgeted economic growth is greater than 2% below long-term  
10 economic growth trends. In any fiscal year that actual General  
Fund revenue is below projections the fund would transfer the  
12 amount of the revenue shortfall up to 4 percent of fund assets.

14           The implementing legislation to be enacted by the  
Legislature would establish an independent board of trustees to  
16 oversee the management of fund assets, and the board would be  
directed to invest the assets for long-term appreciation,  
18 consistent with the principles of endowment funds that are  
designed to provide supporting distributions to a beneficiary in  
20 perpetuity.