

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

SECOND REGULAR SESSION-2010

Legislative Document

No. 1785

H.P. 1273

House of Representatives, February 17, 2010

**An Act To Bolster Maine's Social Safety Net through Voluntary
Sales Tax Contributions**

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative HAYES of Buckfield.

Cosponsored by Representatives: BERRY of Bowdoinham, BOLAND of Sanford, CLEARY of Houlton, CRAY of Palmyra, CURTIS of Madison, DILL of Cape Elizabeth, EATON of Sullivan, FLAHERTY of Scarborough, FLEMINGS of Bar Harbor, GILES of Belfast, HANLEY of Gardiner, JONES of Mount Vernon, JOY of Crystal, KNAPP of Gorham, LAJOIE of Lewiston, LEGG of Kennebunk, MAGNAN of Stockton Springs, PENDLETON of Scarborough, PERRY of Calais, PETERSON of Rumford, SANBORN of Gorham, SIROIS of Turner, SOCTOMAH of the Passamaquoddy Tribe, TREAT of Hallowell, WAGNER of Lyman, WAGNER of Lewiston, WATSON of Bath, WEAVER of York, WILLETTE of Presque Isle, Senators: COURTNEY of York, PERRY of Penobscot, RAYE of Washington.

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

3 Whereas, the current economy has resulted in a dramatic decrease in anticipated
4 state revenue; and

5 Whereas, this decrease in state revenue creates a need to reduce state spending and
6 current budget proposals under consideration contemplate significant reductions in
7 funding for safety net programs for the State's most vulnerable citizens; and

8 Whereas, mandatory tax increases may be detrimental to the economy; however,
9 citizens should be given the opportunity to voluntarily pay additional taxes to fund safety
10 net services; and

11 Whereas, it is necessary to establish a voluntary tax payment process as soon as
12 possible to avoid serious cutbacks in the funding of critical programs; and

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

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

18 **Sec. 1. 30-A MRSA §5681, sub-§5,** as amended by PL 2009, c. 213, Pt. S, §4
19 and affected by §16, is further amended to read:

20 **5. Transfers to funds.** No later than the 10th day of each month, the State
21 Controller shall transfer to the Local Government Fund 5% of the receipts during the
22 previous month from the taxes imposed under Title 36, ~~Parts 3 and Part 3,~~ excluding
23 chapter 227, and Part 8, and Title 36, section 2552, subsection 1, paragraphs A to F and
24 L, and credited to the General Fund without any reduction, except that the postage, state
25 cost allocation program and programming costs of administering state-municipal revenue
26 sharing may be paid by the Local Government Fund. A percentage share of the amounts
27 transferred to the Local Government Fund each month must be transferred to the
28 Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows:

- 29 C. For months beginning on or after July 1, 2009 but before July 1, 2010, 15%;
- 30 D. For months beginning on or after July 1, 2010 but before July 1, 2011, 16%;
- 31 E. For months beginning on or after July 1, 2011 but before July 1, 2012, 17%;
- 32 F. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%;
- 33 G. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and
- 34 H. For months beginning on or after July 1, 2014, 20%.

35 **Sec. 2. 36 MRSA c. 227** is enacted to read:

36 CHAPTER 227

1 VOLUNTARY SALES TAX SURCHARGE

2 §2151. Voluntary Sales Tax Safety Net Fund

3 1. Fund established. The Voluntary Sales Tax Safety Net Fund, referred to in this
4 chapter as "the fund," is established as an Other Special Revenue Funds account for the
5 purposes specified in this section. Payment of revenue to the fund is administered by the
6 bureau.

7 2. Interest; nonlapsing. Any interest earned by the fund accrues to the fund. Any
8 unexpended balances in the fund do not lapse but are carried forward.

9 3. Fund revenue. The fund consists of revenue paid to the fund under section 2152.

10 4. Fund purposes. Revenue in the fund must be used, to the extent permitted by
11 federal law, to support the provision of safety net services as provided in this subsection.
12 The amounts in the fund at the end of each quarter of a fiscal year must be transferred by
13 the State Controller in equal portions to the following accounts or their successors under
14 the Department of Health and Human Services:

15 A. Medical Care - Payments to Providers;

16 B. Nursing Facilities;

17 C. Elderly PNMI Room and Board;

18 D. Mental Health Services - Child Medicaid;

19 E. Mental Health Services - Community Medicaid;

20 F. Medicaid Services - Mental Retardation;

21 G. Mental Retardation Waiver - MaineCare;

22 H. Mental Retardation Waiver - Supports;

23 I. Low-cost Drugs to Maine's Elderly; and

24 J. FHM - Drugs for the Elderly and Disabled.

25 §2152. Administration of the fund

26 1. Establishment of payment process. The State Tax Assessor shall establish a
27 process for collecting voluntary sales tax surcharge payments for the fund. The process
28 must permit persons making taxable purchases under this Part to estimate and voluntarily
29 pay a sales tax surcharge. The amount of a payment does not need to reflect detailed
30 information about the sales price of purchases. The assessor may establish a minimum
31 payment amount to ensure that the cost of administering the payment does not exceed the
32 amount paid. Payments may be made on a one-time or recurring basis. The assessor
33 shall provide instructions for making payments online and through financial institutions.

34 A. The assessor shall establish a process to accept electronic payments to the fund
35 through financial institutions and for the cancellation of recurring payments. The
36 process must identify the information that must be collected by financial institutions
37 to facilitate electronic transfers.

1 B. The assessor may establish a process to accept nonelectronic payments if those
2 payments can be processed without additional significant cost to the State.

3 2. Administrative costs. The State Controller shall, at the close of each fiscal year,
4 transfer from the fund to the bureau the amount identified by the assessor as the cost of
5 administering the process of payments to the fund under subsection 1.

6 3. Report. The assessor shall report by January 15th annually to the joint standing
7 committees of the Legislature having jurisdiction over appropriations and financial
8 affairs, health and human services matters and taxation matters the amount of revenue
9 paid to the fund, the amount of transfers from the fund under section 2151, subsection 4
10 and the cost of administering the payment process over the previous fiscal year.

11 4. Notice of change in transfers from the fund. Persons who make payments to
12 the fund must be given the opportunity to be notified via e-mail if changes are made in
13 the fund transfer apportionment provided in section 2151, subsection 4. Persons who
14 choose to be notified must provide an e-mail address that must be maintained in a list by
15 the assessor. If a change is made in the fund transfer apportionment under section 2151,
16 subsection 4, the assessor shall notify persons who were on the e-mail list at any time
17 during the previous 12 months of the change within 30 days after the effective date of the
18 change.

19 5. Revenue sharing. Payments to the fund are not subject to transfer to the Local
20 Government Fund under Title 30-A, section 5681, subsection 5.

21 **Emergency clause.** In view of the emergency cited in the preamble, this
22 legislation takes effect when approved.

23 SUMMARY

24 This bill directs the State Tax Assessor to create a process for voluntary payments of
25 a sales tax surcharge for persons who make purchases that are subject to the sales and use
26 tax. A person choosing to make voluntary payments may do so through electronic
27 payments from that person's financial institution to the Voluntary Sales Tax Safety Net
28 Fund, which is established in this bill, or by other means that may be established by the
29 State Tax Assessor, who administers payments to the fund. Payments to the fund are not
30 subject to transfers to the Local Government Fund for state-municipal revenue sharing.
31 Revenues in the fund are distributed proportionately to various safety net programs to
32 alleviate the burden of future budget reductions required as a result of a decline in
33 General Fund revenue.