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

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

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

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

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

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

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

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

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

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

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

H. For months beginning on or after July 1, 2014, 20%.

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

## **CHAPTER 227**

### **VOLUNTARY SALES TAX SURCHARGE**

#### **§ 2151. Voluntary Sales Tax Safety Net Fund**

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

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

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

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

- A. Medical Care Payments to Providers;
- B. Nursing Facilities;
- C. Elderly PNMI Room and Board;
- D. Mental Health Services Child Medicaid;
- E. Mental Health Services Community Medicaid;
- F. Medicaid Services Mental Retardation;
- G. Mental Retardation Waiver MaineCare;
- H. Mental Retardation Waiver Supports;
- I. Low-cost Drugs to Maine's Elderly; and
- J. FHM Drugs for the Elderly and Disabled.

#### **§ 2152. Administration of the fund**

**1. Establishment of payment process.** The State Tax Assessor shall establish a process for collecting voluntary sales tax surcharge payments for the fund. The process must permit persons making taxable purchases under this Part to estimate and voluntarily pay a sales tax surcharge. The amount of

a payment does not need to reflect detailed information about the sales price of purchases. The assessor may establish a minimum payment amount to ensure that the cost of administering the payment does not exceed the amount paid. Payments may be made on a one-time or recurring basis. The assessor shall provide instructions for making payments online and through financial institutions.

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

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

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

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

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

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

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

## SUMMARY

This bill directs the State Tax Assessor to create a process for voluntary payments of a sales tax surcharge for persons who make purchases that are subject to the sales and use tax. A person choosing to make voluntary payments may do so through electronic payments from that person's financial institution to the Voluntary Sales Tax Safety Net Fund, which is established in this bill, or by other means that may be established by the State Tax Assessor, who administers payments to the fund. Payments to the fund are not subject to transfers to the Local Government Fund for state-municipal revenue sharing. Revenues

in the fund are distributed proportionately to various safety net programs to alleviate the burden of future budget reductions required as a result of a decline in General Fund revenue.