



131st MAINE LEGISLATURE

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Legislative Document

No. 1023

H.P. 659

House of Representatives, March 7, 2023

**An Act to Strengthen Maine's Financial Future in Perpetuity by
Establishing the Irrevocable Budget Trust Fund**

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

Robert B. Hunt

ROBERT B. HUNT
Clerk

Presented by Representative PERRY of Bangor.

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

2 **Sec. 1. 5 MRSA §1524** is enacted to read:

3 **§1524. Irrevocable Budget Trust Fund**

4 **1. Irrevocable Budget Trust Fund established; purpose.** The Irrevocable Budget
5 Trust Fund, referred to in this section as "the trust fund," is established to create a long-
6 term revenue stream from investments in order to supplement future General Fund
7 revenues. Funds appropriated to the trust fund must be held in trust and must be invested
8 for the exclusive purpose of providing stable revenues for the General Fund and may not
9 be encumbered for or diverted to other purposes. Funds appropriated for the trust fund may
10 not be diverted or deappropriated by any subsequent action.

11 **2. Trustees.** The Treasurer of State and the State Controller are the trustees of the
12 trust fund.

13 **3. Duties of the trustees.** The trustees of the trust fund shall jointly make the final
14 decision on all matters pertaining to administration of the trust fund.

15 **4. Investment of funds.** The trustees of the trust fund are responsible for the
16 investment and reinvestment of the funds appropriated to the trust fund in accordance with
17 the Maine Uniform Trust Code and the Maine Uniform Prudent Investor Act under Title
18 18-B, subject to the guidelines set for the Retiree Health Insurance Post-employment
19 Benefits Investment Trust Fund in section 17435. A portion of the trust fund must be
20 invested in the Treasurer of State's cash pool with other trust funds invested through the
21 Maine Public Employees Retirement System.

22 **5. Annual transfers of funds.** Notwithstanding any provision of law to the contrary
23 and before any transfers pursuant to chapter 142 or any other provision of law, annually
24 beginning with the fiscal year starting July 1, 2024 the Legislature shall appropriate 5% of
25 General Fund revenues to fund the trust fund. Annually beginning with the fiscal year
26 starting July 1, 2025 the trustees of the trust fund shall transfer to the General Fund 5% of
27 the fund earnings from the previous fiscal year. Earnings transferred to the General Fund
28 from the trust fund are not considered General Fund revenue for the purposes of this
29 subsection.

30 **6. Report to Legislature.** The trustees of the trust fund shall make a written report to
31 the joint standing committee of the Legislature having jurisdiction over appropriations and
32 financial affairs on or before March 1st of each year including a discussion of any areas of
33 policy or administration of the trust fund that, in the opinion of the trustees of the trust fund,
34 should be brought to the attention of the joint standing committee and a review of the status
35 of the trust fund.

36 **SUMMARY**

37 To provide a stable source of revenue for the State, this bill establishes the Irrevocable
38 Budget Trust Fund and requires the Legislature to appropriate 5% of General Fund
39 revenues to the Irrevocable Budget Trust Fund, beginning with the fiscal year starting July
40 1, 2024. The Treasurer of State and the State Controller, as trustees of the fund, are required
41 to invest the money in the fund. Beginning with the fiscal year starting July 1, 2025, 5%
42 of the earnings in the fund are transferred back to the General Fund.