MAINE STATE LEGISLATURE

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STATE OF MAINE

ONE HUNDRED AND TWELFTH LEGISLATURE SECOND REGULAR SESSION

JOINT STANDING COMMITTEE ON

TAXATION

BILL SUMMARY



MAY 1986

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ONE HUNDRED AND TWELFTH LEGISLATURE SECOND REGULAR SESSION

JOINT STANDING COMMITTEE BILL SUMMARIES MAY 1986

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature, covering the Second Regular Session of the 112th Legislature. The summaries are arranged by LD number under each committee.

All Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor if it is a floor amendment or the designation "CA" if it is a committee amendment. If the amendment was adopted in the House, the letter H appears after the sponsor. If it was adopted in the Senate, the letter S appears.

Final action for each bill is listed to the right of the title. If final House action and Senate action differ, both are listed.

Key to Committee Reports and Floor Action:

Ought to Pass OTP Ought to Pass in New Draft OTP-ND Ought to Pass in New Draft, New Title OTP-ND-NT Ought to Pass as Amended OTP-AM Ought Not to Pass ONTP Leave to Withdraw LVWD Indefinitely Postponed INDEF PP

to interstate telephone services and apply the sales tax to all leases and rentals. The Committee believed the implications of taxation in the field of telecommunication were broad and important and could not be adequately addressed in the time available before the end of the First Regular Session. Permission was granted to hold the bill over and study the issue during the interim.

New draft provides equal treatment for all persons providing telecommunications service by expanding the gross receipts tax on telephone companies to include all persons providing telecommunications service. The new draft exempts persons providing telecommunications service by means of a satellite and earth station located in this State. It includes telegraph services under the definition of telecommunications, thereby making telegraph services subject to the same maximum tax rate as applies to other telecommunications service. The new draft also provides that the access charges and revenues derived from the provision of telecommunications service to another provider for resale will be deducted by the person receiving the payments.

LD AN ACT PERMITTING MUNICIPALITIES TO REQUIRE PL 1985
2247 THAT A PAYMENT ON TAXES BE APPLIED TOWARD THE C. 653
OLDEST OUTSTANDING TAXES

Sponsor: RIOUX

Committee Report: New draft of LD 1873

<u>SUMMARY:</u> Permits municipal treasurer or tax collector to require that payments for property tax be applied to the oldest outstanding taxes unless an abatement request or appeal has not been resolved for that period.

LD AN ACT TO MAKE CERTAIN CHANGES AND IMPROVE THE ONTP
2261 EQUITY OF MAINE TAX LAW

Sponsor: MAYO

Committee Report: ONTP

<u>SUMMARY:</u> Governor's bill to fund needed programs. Some provisions incorporated in new drafts of LD 2310. Bill contains the following provisions:

1. Takeout food. Expands application of sales tax to takeout food by including products sold from a retail location which is considered a restaurant and certain prepared foods ready for consumption regardless of where they are sold.

Office of Policy and Legal Analysis.....page 23 Taxation

- 2. Vending machines. Repeals the special treatment of sales made from vending machines when more than 50% of the retailers receipts are from vending machines
- 3. Instrumentalities of interstate commerce. Repeals the sales tax exemption of certain instrumentalities of interstate or foreign commerce.
- 4. Leased aircraft. Repeals the sales tax exemption for leased aircraft and repair parts used by a regularly scheduled airline.
- 5. Insurance premium tax. Increases rate on domestic insurers to 2% to equal tax on foreign insurers. See also LDs 2101 and 1971.
- 6. Inheritance tax. Requires efficient settlement of inheritance taxes.
- 7. Nonresident income taxes. Changes the formula for calculation of income taxes paid by nonresidents.

LD AN ACT TO CONFORM STATE INCOME TAX LAWS
2265 RELATIVE TO PREMATURE RETIREMENT PLAN
DISTRIBUTIONS

PL 1985

c. 670

Sponsor: MAYO,

Committee Report: New draft of LD 1979

SUMMARY: Enacts a provision similar to the federal income tax provision whereby an additional tax is levied on premature distributions of retirement fund plans. The amount would equal 15% of the 10% federal tax.

LD AN ACT ENABLING TOWNS TO ESTABLISH MUNICIPAL 2266 LAND BANKS

ND LD 2361

Sponsor: MITCHELL, Clark N, Diamond G, Martin J

Committee Report: OTP-ND LD 2361

SUMMARY: See new draft, LD 2361.