

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
118TH LEGISLATURE

SECOND REGULAR SESSION  
AND  
SECOND SPECIAL SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
TAXATION

MAY 1998

**MEMBERS:**

*Sen. Richard P. Ruhlin, Chair*

*Sen. Beverly C. Daggett*

*Sen. S. Peter Mills*

*Rep. Verdi L. Tripp, Chair*

*Rep. John L. Tuttle, Jr.*

*Rep. Bonnie Green*

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**ONE HUNDRED EIGHTEENTH LEGISLATURE**  
**SECOND REGULAR AND SECOND SPECIAL SESSIONS**

**Summary Of Legislation Before The Joint Standing Committees**  
**May 1998**

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet ([www.state.me.us/legis/opla](http://www.state.me.us/legis/opla)).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CON RES XXX*..... Chapter # of Constitutional Resolution passed by both Houses
- CONF CMTE UNABLE TO AGREE*.....Committee of Conference unable to agree; bill died
- DIED BETWEEN BODIES*.....House & Senate disagree; bill died
- DIED IN CONCURRENCE*.....One body accepts ONTP report; the other indefinitely postpones the bill
- DIED ON ADJOURNMENT*.....Action incomplete when session ended; bill died
- EMERGENCY*.....Enacted law takes effect sooner than 90 days
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE*.....Emergency bill failed to get 2/3 vote
- FAILED ENACTMENT/FINAL PASSAGE*.....Bill failed to get majority vote
- FAILED MANDATE ENACTMENT*.....Bill imposing local mandate failed to get 2/3 vote
- INDEF PP*.....Bill Indefinitely Postponed
- ONTP*..... Ought Not To Pass report accepted
- OTP ND*..... Committee report Ought To Pass In New Draft
- OTP ND/NT*..... Committee report Ought To Pass In New Draft/New Title
- P&S XXX*..... Chapter # of enacted Private & Special Law
- PUBLIC XXX*..... Chapter # of enacted Public Law
- RESOLVE XXX*..... Chapter # of finally passed Resolve
- UNSIGNED*.....Bill held by Governor
- VETO SUSTAINED*.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

## Joint Standing Committee on Taxation

**LD 607**

**An Act to Exempt Nonprofit Ambulance and Fire Emergency Services from the State's Sales Tax**

**PUBLIC 723  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KILKELLY	OTP-AM    MAJ ONTP      MIN	S-476

LD 607 was carried over from the First Special Session. The bill proposed to extend the sales tax exemption for incorporated volunteer fire departments and ambulance corps to any incorporated nonprofit fire department or ambulance corps.

**Committee Amendment "A" (S-260)**, (majority report in the First Special Session), proposed to change the term “ambulance corps” to “ambulance service and add a fiscal note.

**Committee Amendment "B" (S-476)**, (majority report in the Second Regular Session), proposed to change the term ambulance corps to ambulance services and add an effective date of July 1, 1998 and a fiscal note.

*Enacted law summary*

Public Law 1997, chapter 723 extends the sales tax exemption for incorporated volunteer fire departments and ambulance corps to any incorporated nonprofit fire department or ambulance corps effective July 1, 1998.

**LD 1748**

**An Act to Modernize Maine's Fuel Tax Laws**

**PUBLIC 738**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN DRISCOLL	OTP-AM	S-537 S-765   O'GARA

LD 1748 was carried over from the First Special Session. The bill proposed to repeal Maine's existing fuel tax laws and replace them with a single statute that closely conforms with federal tax treatment of motor fuels. The bill proposed to establish a modern, efficient and effective fuel tax collection and enforcement system intended to deter fuel tax evasion. The bill proposed to deter evasion through increased conformity with federal law concerning the imposition of tax on motor fuels and increased reliance on highway enforcement systems. The bill was intended to conform Maine’s method of imposing an excise tax on motor fuel to the Internal Revenue Code and regulations issued pursuant to it, as well as to create a framework for immediate highway enforcement of anti-smuggling provisions, without materially altering existing petroleum marketing practices, economics or relationships.

**Committee Amendment "A" (S-537)** replaced the original bill. The amendment proposed to replace several provisions in Maine's gasoline and special fuel tax laws to improve readability and to make changes intended to deter tax evasion. Diesel fuel that is dyed pursuant to the requirements of the Federal Government is made exempt from excise tax, thereby decreasing refund-related paperwork for the industry and for the State. The allowance for gasoline stock loss is changed to 1/2 of 1% on an annual basis, and a new allowance for special fuel is provided at

1/4 of 1% on an annual basis. A new monthly reporting requirement is imposed on motor fuel wholesalers in order to provide the Bureau of Revenue Services with additional audit tools for identifying noncompliance. The amendment also added an allocation section and a fiscal note to the bill.

**Senate Amendment "A" to Committee Amendment "A" (S-765)** eliminated the Principal Revenue Agent position, adjusted the allocation section and replaced the fiscal note.

**Enacted law summary**

Public Law 1997, chapter 738 replaced several provisions in Maine's gasoline and special fuel tax laws to improve readability and to make changes intended to deter tax evasion. Diesel fuel that is dyed pursuant to the requirements of the Federal Government was made exempt from excise tax, thereby decreasing refund-related paperwork for the industry and for the State. The allowance for gasoline stock loss was changed to 1/2 of 1% on an annual basis, and a new allowance for special fuel was provided at 1/4 of 1% on an annual basis. A new monthly reporting requirement was imposed on motor fuel wholesalers in order to provide the Bureau of Revenue Services with additional audit tools for identifying noncompliance.

**LD 1803                      An Act to Encourage the Payment of Delinquent Taxes                      INDEF PP**

<u>Sponsor(s)</u> DAGGETT	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-513
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LD 1803 was carried over from the First Special Session. The bill provided that when a check payable to the State for taxes is returned due to insufficient funds, the person who wrote the check shall pay a penalty of \$20 or 12% of the amount of the check, whichever is greater.

**Committee Amendment "A" (S-513)** would have replaced the original bill. The amendment would have provided for a reduction in the penalty for failure to file a tax return following a formal demand from the State Tax Assessor from 100% to 50 % of the tax due. The lower penalty was intended to encourage the payment of delinquent taxes. The reduction in penalty would have applied to formal demands made on or after January 1, 1999. The amendment also would have added a fiscal note.

**LD 1820                      An Act to Establish a Penalty on Gains from the Sale or Exchange of Land from Which Timber Has Been Harvested                      ONTP**

<u>Sponsor(s)</u> GREEN RUHLIN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1820 was carried over from the First Special Session. The bill proposed to create a penalty on gains from the sale or exchange of land for timber harvesting. The bill would have established a graduated penalty that would decline over a 10-year period and would be related to the amount of gain as a percentage of the cost basis. The penalty would have applied to parcels of land greater than 100 acres.