

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

Rep. G. Steven Rowe

Rep. Kenneth T. Gagnon

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Rep. Kenneth F. Lemont

Rep. John T. Buck

Rep. Peter E. Cianchette

Staff:

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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).

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.

LD 1909

An Act to Ensure That Temporary Structure Property Is Subject to Taxation

ONTP

Sponsor(s)
NUTTING

Committee Report
ONTP

Amendments Adopted

LD 1909 proposed to add structures that are not affixed to the ground and that are used for storage to the list of items of personal property that remain subject to property taxation even though they are individually owned and have a just value of less than \$1,000.

LD 1923

An Act to Improve Employment Tax Increment Financing

PUBLIC 766

Sponsor(s)
VIGUE

Committee Report
OTP-AM

Amendments Adopted
H-818

LD 1923 proposed changes to the Maine Employment Tax Increment Financing Program. The bill would require that, in determining the number of new employees required to establish employer eligibility for the program, the wages of all net new employees be computed as an annual average rather than being considered individually for each new employee. The bill would provide that the percentage of payment based upon labor market unemployment rates be established for a 10-year period based upon unemployment rates at the time of application rather than on an annual basis. The bill would establish a 75% level of payment for eligible businesses in labor market areas of the State where the unemployment rate is more than twice the state average.

Committee Amendment "A" (H-818) provided that the percentage of payment for the first 5 years of an employment tax increment financing development program would be based on the labor market unemployment rate at the time of application. For the 2nd 5 years of the program, the percentage of payment would be established based on the labor market unemployment rate at the beginning of the 6th year. The amendment proposed to change the standard for the 75% level of payment from twice the state unemployment rate to 150% of the state unemployment rate. The amendment also adds a fiscal note.

Enacted law summary

Public Law 1997, chapter 766 provides that, in determining the number of new employees required to establish employer eligibility for the program, the wages of all net new employees be computed as an annual average rather than being considered individually for each new employee. The law provides that the percentage of payment based upon labor market unemployment rates be established for the first 5 years based upon unemployment rates at the time of application and for the 6th to 10th year based on unemployment rates at the beginning of the 6th year rather than on an annual basis. The law establishes a 75% level of payment for eligible businesses in labor market areas of the State where the unemployment rate is more than 150% of the state average.

LD 1927

An Act to Amend the Laws Regarding Tax Exemptions for Pollution Control Equipment

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CAREY	ONTP	

LD 1927 would have provided that a facility may qualify for exemption from sales and property tax as a pollution control facility even if it is used as part of an industrial production process or replaces existing equipment. The bill would also have provided that the taxpayer's intent regarding the primary purpose of the equipment is a determining factor rather than the primary use of the equipment.

LD 1931 An Act to Create Incentives for Employers to Contribute toward PUBLIC 775
the Costs of Comprehensive Health Insurance for Families

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LONGLEY WINGLASS	OTP-AM	S-521 S-762 MICHAUD

LD 1931 proposed an income tax credit to businesses that are employing units with 50 or fewer employees that provide health insurance coverage for employees. The credit would be equal to the portion of the cost of the coverage that exceeds 7.5% of gross payroll up to a maximum of \$5,000. The bill proposed a tax credit to taxpayers equal to 20% of the cost of their own health insurance coverage for preventive care. The bill also proposed to exempt from the definition of income under the Maine Residents Property Tax Program, the "circuit breaker" program, an amount equal to the premium paid for health insurance coverage that includes coverage for preventive care.

Committee Amendment "A" (S-521) replaced the original bill. The amendment proposed to establish an income tax credit for eligible employers who provide dependent health care coverage for low-income employees. An employer would be eligible if the employer maintained a health benefit plan available to low-income employees who work specified hours and the employer paid at least 80% of the cost of employee benefits and at least 60% of dependent benefits. The credit would be equal to 20% of the cost of dependent health benefits and could not exceed 50% of the income tax otherwise owed.

Senate Amendment "A" to Committee Amendment "A" (S-688) (not adopted) would have limited the credit for dependent health benefits paid under a health benefit plan to employers with fewer than 5 low-income employees. The amendment would have provided that a taxpayer who received the credit in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5. The amendment also would have provided that the credit equals the lesser of 20% of dependent health benefits paid under a health benefit plan during the taxable year for which the credit is allowed or \$125 per employee. The amendment would specify that the credit applies in tax years beginning on or after January 1, 1999.

Senate Amendment "B" to Committee Amendment "A" (S-689) (not adopted) is the same as Senate Amendment "A" (S-688) except that it would have provided that the credit applies to tax years beginning on or after January 1, 1999 and to benefits paid after July 1, 1999.

Senate Amendment "C" to Committee Amendment "A" (S-719) (not adopted) is the same as Senate Amendment "A" (S-688) except that it also would have made changes to clarify the meaning of "actuarial value" and to require the taxpayer to submit supporting documentation.