

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
119TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
TAXATION

AUGUST 1999

*Staff:*

*Julie S. Jones, Legislative Analyst*

*Office of Fiscal and Program Review  
5 State House Station  
Augusta, ME 04333-0005  
(207)287-1635*

*MEMBERS:*

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Sen. Beverly C. Daggett  
Sen. S. Peter Mills*

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**5 State House Station**  
**Augusta Maine 04333-0005**  
**TEL: (207) 287-1635**  
**FAX: (207) 287-6469**

**MEMORANDUM**

To: Members, Joint Standing Committee on Taxation

From: Julie S. Jones, Legislative Analyst

Date: August, 1999

Re: Bill Summaries, 119th Legislature, 1st Regular Session

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the Joint Standing Committee on Taxation during the 1st Regular Session of the 119th Legislature. The summary describes each bill or order and relevant amendments as well as the final action. Also included is a statistical summary of bill activity by the committee. Please note the effective date for all non-emergency legislation enacted in the 1st Regular Session (unless a later date is specified in a particular law) is September 18, 1999. Joint orders are effective when passed.

The document is organized for convenient reference to information on bills handled by the committee this session. It is organized by bill (LD) number and two indices are located at the back of the document that group bills by subject and by LD number. 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:

*CARRIED OVER .....Bill carried over to Second Regular Session*  
*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*  
*NOT PROPERLY BEFORE THE BODY ..... Ruled out of order by the presiding officers; bill died*  
*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*  
*READ AND PASSED ..... Joint Order passed by the House and Senate*  
*PASSED AS AMENDED ..... Joint Order passed as amended by the House and Senate*

A complete summary of bills for all committees will be available in the very near future. Copies will be on file in the Law and Legislative Reference Library and Senate and House offices. You will also soon be able to access these bill summaries from our website.

I hope you find this information useful. If you have any questions or suggestions, please do not hesitate to contact this office.

Best wishes for an enjoyable summer.

The amendment also proposed to provide that a manufacturer does not lose the benefit of the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The amendment would provide that the exemption also extends to the sale of the machinery or equipment to the bank or leasing company.

**Enacted law summary**

Public Law 1999, chapter 516 changes the sales tax treatment of rentals of audio equipment and furniture so that the rental transaction is subject to sales tax and the purchase of the equipment or furniture by the rental business is not. It also provides that a manufacturer does not lose the benefit of the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The exemption also extends to the sale of the machinery or equipment to the bank or leasing company.

**LD 372                                      An Act to Roll Back All Sales Tax to 5%                                      ONTP**

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

LD 372 proposed to reduce the sales tax to 5% on all taxable items and retain the trigger mechanism providing for 1/2 cent reductions in the sales tax if General Fund revenues exceed those of the previous fiscal year by 8% or more on a base-to-base comparison.

**LD 377                                      An Act to Facilitate Compliance with the Federal Communications Act of 1996                                      INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAGGETT GAGNON	OTP-AM    MAJ OTP-AM    MIN	

LD 377 proposed to exempt from sales and use tax the initial purchase of equipment needed for digital over-the-air broadcasting. This exemption would have applied only to the initial capital investments for digital broadcasting equipment, and would not have applied to the purchase of repair or replacement equipment or parts once the transition to digital broadcasting was completed.

**Committee Amendment "A" (S-175)** was the majority report of the Joint Standing Committee on Taxation. This amendment proposed that digital radio and television eligible for a sales tax exemption under the bill would not be eligible for reimbursement of business personal property taxes. The amendment proposed that the sales tax exemption be repealed in 2006 or when digital television receivers reached 85% of the consumer market. The amendment also required periodic reports from the State Tax Assessor.

**LD 379                                      An Act to Provide Tax-exempt Status to Organizations That Teach Reading                                      PUBLIC 485**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM	H-647