

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
108TH LEGISLATURE
FIRST REGULAR SESSION

(Filing No. H-852)

HOUSE AMENDMENT "A" to H.P. 1250, L.D. 1479, Bill,
"AN ACT to Provide for the Periodic Review of Sales and
Property Tax Exemptions."

Amend the Bill by striking out everything after the
enacting clause and inserting in its place the following:

'Sec. 1. Legislative findings and purpose.

1. Legislative findings. The Legislature often
finds that statutory approval is given to specific govern-
ment actions, yet no provision is made to insure that the
original need for such actions has not lapsed over the
years. The Legislature further finds that often such
actions require government expenditures that are not reviewed
during the normal appropriations process. A specific
example of this is the continuing and myriad exemptions for
property and sales taxes. Such exemptions increase in
number each year yet are seldom reviewed.

2. Legislative purpose. It is the purpose of this Act
to provide for periodic review of property and sales tax
exemptions. Each such exemption is a government expenditure
that continues year after year with no review to judge
whether the money is being well spent.

Sec. 2. 1 MRSA c. 29 is enacted to read:

CHAPTER 29

REVIEW OF STATUTORY PROVISIONS

§2501. Review of statutory provisions

The following statutory provisions shall be reviewed according to the schedule below:

36. Title 36:

A. Title 36, sections 653, 654 and 655, as amended, shall be reviewed by January 1, 1982;

B. Title 36, sections 652 and 656, as amended, shall be reviewed by January 1, 1979;

C. Title 36, section 1760, subsections 3 to 14, 24 and 30 to 36, as amended, shall be reviewed by January 1, 1981; and

D. Title 36, section 1760, subsections 15 to 23 and 25 to 28, as amended, shall be reviewed by January 1, 1980.

§2502. Committee review reports

Any legislative committee having jurisdiction over a statutory provision listed in section 2501 shall prepare and submit to the Legislature, within 30 legislative days after the convening of the first regular session after the date set out in section 2501 for review of that provision, a report evaluating the advisability of retaining the statutory provision. The appropriate departments of State Government are respectfully requested to provide all

necessary assistance in preparing the report required by section 2503 and other statutory sections.

§2503. Contents of report

1. Report. A report prepared pursuant to section 2502 shall include:

A. An evaluation of the past effectiveness of the statutory provision;

B. An evaluation of the future need for the statutory provision;

C. An examination of alternative methods of attaining the purpose of the provision;

D. An estimate of the cost of retaining the provision; and

E. A recommendation of the committee as to the amendment, repeal, replacement or retention of the provision. If amendment or repeal is recommended, the report shall include the necessary legislation.

2. Hearing. The committee preparing this report shall devote at least part of one public hearing on the provision being reviewed prior to making its report.

Sec. 3. 36 MRSA §660 is enacted to read:

§660. Legislative review

1. Review; committee jurisdiction. The following sections of this subchapter are subject to review under

Title 1, section 2501; sections 652, 653, 654, 655 and 656.
The legislative committee having jurisdiction over the
review provided for in Title 1, section 2502, shall be the
Joint Standing Committee on Taxation. Any further property
tax exemptions enacted in this Title shall be assigned a
date of review in Title 1, section 2501, that is no more
than 5 years from its effective date.

2. Additional contents of report. In addition to
the contents of the committee report set out in Title 1,
section 2503, a report on property tax exemptions shall
include:

A. An evaluation of the economic impact of the
exemption on the State or community; and

B. A determination of which groups or individuals
are assisted by the exemption and their approximate
number.

Sec. 4. 36 MRSA §1760-A is enacted to read:

§1760-A. Legislative review

1. Review; committee jurisdiction. Section 1760,
except for subsections 1 and 2, is subject to review under
Title 1, section 2501. The legislative committee having
jurisdiction over the review provided for in Title 1,
section 2502, shall be the Joint Standing Committee on
Taxation. Any sales tax exemptions enacted in this Title
after the effective date of this section shall be assigned

a date of review in Title 1, section 2501, that is no more than 5 years from its effective date.

2. Additional contents of report. In addition to the contents of the committee report set out in Title 1, section 2503, a report on sales tax exemptions shall include:

A. An evaluation of the economic impact of the exemption on the State or community; and

B. A determination of which group or individuals are assisted by this exemption and their approximate number.'

Statement of Fact

The purpose of this amendment is to require that sales and property tax exemptions will be reviewed but not automatically repealed. They would be repealed only if the Legislature voted affirmatively to do so.

The number of sales and property tax exemptions has proliferated over the years without sufficient legislative oversight and review. It is the purpose of this legislation to establish a system for periodic review of state mandated tax exemptions, to discover those exemptions, if any, which no longer serve the originally intended purpose, to assume that the cost of allowable exemptions in some way benefit all people of Maine, not just specific interest groups, and that the high cost of exemptions be made known to the taxpayers of the State. The Legislature will be required to evaluate the need for the continued existence of present and future tax exemptions on a periodic basis

and to explore better methods for providing the same tax break.

This amendment provides only for systematic legislative oversight of all exemptions and attempts to recognize the cost and effect of those exemptions on the local property tax base and state sales tax base. In effect, exemptions are treated as public expenditures.

It should also be noted that sections 2501, 2502 and 2503 are located in Title 1 in an effort to locate all future similar review bills under the same Title.

Filed by Mr. Brenerman of Portland.

Reproduced and distributed under the direction of the Clerk of the House.

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