

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1479

H. P. 1250

House of Representatives, April 7, 1977

Referred to Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Brennerman of Portland.

Cosponsors: Mrs. Trafton of Auburn; Mr. Wood of Sanford; Mrs. Post of Owls Head.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT to Provide for the Periodic Review of Sales
and Property Tax Exemptions.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. Legislative findings and purpose.

1. **Legislative findings.** The Legislature often finds that statutory approval is given to specific government 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

TERMINATION OF STATUTORY PROVISIONS

§ 2501. Repeal of statutory provisions

The following statutory provisions are repealed on the dates set forth in this section.

36. Title 36:

A. Title 36, chapter 105, subchapter IV, except section 651, is repealed on January 1, 1981.

B. Title 16, section 1760 is repealed on January 1, 1979.

§ 2502. Committee 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 last regular session prior to the date set out in section 2501 for repeal 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 retention 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. Repeal; committee jurisdiction. The following sections of this subchapter are subject to repeal 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 Select Committee on Tax Exemptions. Its members shall be named jointly by the Speaker of the House of Representatives and the President of the Senate. Three members shall be from the House of Representatives; 3 members shall be from the Senate; 3 members shall be elected municipal officers or from organizations which represent municipalities; and 2 members shall be members of the general public. This select committee shall serve, as needed, for a term no longer than that of the Legislature during which it was appointed. Any future property tax exemptions enacted in this Title shall be assigned a date of repeal 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. **Repeal; committee jurisdiction.** Section 1760 is subject to repeal under Title 1, section 2501. The legislative committee having jurisdiction over the review provided for in Title 1, section 2502, shall be a Joint Select Committee on Tax Exemptions as established in section 660. Any sales tax exemptions enacted in this Title after the effective date of this section shall be assigned a date of repeal 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 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 justification of state mandated tax exemptions, to automatically repeal those, if any, which no longer serve the originally intended purpose, to assure 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 bill, in order to safeguard necessary exemptions, provides for review of exemptions in the regular session preceding the January 1st repeal, thus allowing a period of time before repeal so that essential exemptions can be retained.

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