

MAINE STATE LEGISLATURE

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D. UFR.

1 L.D. 1521
2 (Filing No. S-294)

3 STATE OF MAINE
4 SENATE
5 112TH LEGISLATURE
6 FIRST REGULAR SESSION

7 COMMITTEE AMENDMENT "A " to S.P. 579, L.D.
8 1521, Bill, "AN ACT to Provide for Greater Tax Ex-
9 penditure Accountability."

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

13 'Sec. 1. 1 MRSA §2601, sub-§1, as enacted by PL
14 1979, c. 687, §1, is repealed.

15 Sec. 2. 1 MRSA §2603, sub-§1, as repealed and
16 replaced by PL 1983, c. 777, §1, is amended to read:

17 1. Report. The report prepared as a result of
18 the review required by section 2601, ~~subsections~~
19 subsection 1 and 2 shall include:

20 A. A description of the purpose of the exemp-
21 tion;

22 B. A determination of the groups or individuals
23 which benefit from the exemption;

24 C. An evaluation of the past effectiveness of
25 the provision;

26 D. An evaluation of the future need for the ex-
27emption;

28 E. An estimate of the cost of retaining the pro-
29vision;

30 F. A recommendation of the committee as to the
31 amendment, repeal, replacement or retention of
32 the exemption;

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1 G. Any other recommendation of the committee re-
2 lating to the provisions subject to review.

3 The committee may choose to include in its report on-
4 ly the information, with regard to the provisions re-
5 viewed, which has changed since the previous report.

6 Sec. 3. 5 MRSA §1663 is amended by adding at the
7 end a new sentence to read:

8 §1663. Scope of budget

9 The budget of the State Government shall present
10 a complete financial plan for each fiscal year of the
11 ensuing biennium. It shall set forth all proposed ex-
12 penditures for the administration, operation and
13 maintenance of the departments and agencies of the
14 State Government; all interest and debt redemption
15 charges during each fiscal year and all expenditures
16 for capital projects to be undertaken and executed
17 during each fiscal year of the biennium. In addition
18 thereto, the state budget shall set forth the antici-
19 pated revenues of the State Government and any other
20 additional means of financing expenditures proposed
21 for each fiscal year of the biennium. Anticipated
22 revenues shall be estimated using the assumption that
23 the provisions due to expire under Title 36, chapter
24 9, will be reenacted by the Legislature following re-
25 view as required by that chapter.

26 Sec. 4. 36 MRSA c. 9 is enacted to read:

27 CHAPTER 9

28 JUSTIFICATION OF TAX EXPENDITURES

29 §195. Purpose

30 Tax expenditures are enacted by the Legislature
31 for numerous purposes, including administrative effi-
32 ciency, providing incentives to business or other ac-
33 tivities or encouraging socially desirable behavior.

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1 These tax expenditures constitute a permanent reduc-
 2 tion in tax revenues of the State and result in an
 3 increased tax burden on taxpayers who are not bene-
 4 fited. Tax expenditures which are enacted without ex-
 5 piration dates rarely receive effective review to de-
 6 termine the continuing need for the expenditure or
 7 the effectiveness of the provision in meeting its
 8 original objective. The purpose of this chapter is to
 9 establish a system for periodic review of these tax
 10 expenditures and for the termination of provisions
 11 which are no longer necessary or which have outlived
 12 their purpose.

13 §196. Tax expenditure

14 As used in this chapter, unless the context oth-
 15 erwise indicates, the following terms have the fol-
 16 lowing meanings.

17 1. Tax expenditure. "Tax expenditure" means pro-
 18 visions of state law which result in a reduction of
 19 tax revenue due to special exclusions, exemptions,
 20 deductions, credits, preferential rates or deferral
 21 of tax liability.

22 §197. Review

23 The joint standing committee of the Legislature
 24 having jurisdiction over taxation shall review tax
 25 expenditures according to the schedule provided in
 26 section 198. The committee shall devote at least part
 27 of one public hearing to each provision being re-
 28 viewed. The Bureau of Taxation shall provide the com-
 29 mittee with information, other than information which
 30 is protected from disclosure under section 191, which
 31 is requested by the committee when conducting the re-
 32 view provided by this section.

33 Unless continued or modified by law, the tax ex-
 34 penditures subject to review under section 198 shall
 35 be repealed according to the following schedule:

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- 1 1. Group 1. January 1, 1987;
- 2 2. Group 2. January 1, 1988;
- 3 3. Group 3. January 1, 1989; and
- 4 4. Group 4. January 1, 1990.

5 §198. Schedule for review

- 6 1. Group 1. Tax expenditures which are contained
- 7 in the following provisions of law shall be reviewed
- 8 by January 1, 1986, and every 4 years thereafter:

9 A. Section 1752;

10 B. Section 1760, subsections 1 to 9-C; and

11 C. Chapter 357.

- 12 2. Group 2. Tax expenditures which are contained
- 13 in the following provisions of law shall be reviewed
- 14 by January 1, 1987, and every 4 years thereafter:

15 A. Section 1760, subsections 31 through the end

16 of that section;

17 B. Section 1811-A;

18 C. Section 1862;

19 D. Section 1863;

20 E. Section 2012;

21 F. Section 2013; and

22 G. Section 2014.

- 23 3. Group 3. Tax expenditures which are contained
- 24 in the following provisions of law shall be reviewed
- 25 by January 1, 1988, and every 4 years thereafter:

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- 1 A. Section 1760, subsections 11 to 30.
- 2 4. Group 4. Tax expenditures which are contained
3 in the following provisions of law shall be reviewed
4 by January 1, 1989, and every 4 years thereafter:
- 5 A. Section 5122;
- 6 B. Section 5127;
- 7 C. Section 5130;
- 8 D. Section 5146;
- 9 E. Section 5200-A;
- 10 F. Section 5202-A;
- 11 G. Section 5215; and
- 12 H. Section 5216.
- 13 §199. Report
- 14 1. Report. The committee shall submit a report
15 to the Legislature by the date specified in section
16 198 for the completion of its review. The report
17 shall contain at least the following:
- 18 A. A description of the purpose of the tax ex-
19 penditure;
- 20 B. A determination of the groups or individuals
21 likely to benefit from the tax expenditure;
- 22 C. An evaluation of the effectiveness of the tax
23 expenditure;
- 24 D. An estimate of the annual cost of the tax ex-
25 penditure;

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- 1 E. A recommendation of the committee as to the
2 amendment, repeal, replacement or retention of
3 the tax expenditure or any other matters relating
4 to the provisions subject to review; and
- 5 F. An evaluation of the effectiveness of the
6 procedures required by this chapter and any rec-
7 ommendations for change.
- 8 The committee may choose to include in its report on-
9 ly the information with regard to the provisions re-
10 viewed which has changed since the previous review of
11 that provision.
- 12 2. Legislation. The committee shall report to
13 the Legislature, with its report, any legislation
14 which is necessary to accomplish its recommendations.

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1 STATEMENT OF FACT

2 This amendment strikes the provisions of the
3 original bill and substitutes in its place a proce-
4 dure for the systematic review by the Joint Standing
5 Committee on Taxation of tax expenditures contained
6 in the sales and income tax laws. The procedure pro-
7 vides for the termination of those tax expenditures
8 unless the Legislature chooses to reinstate them fol-
9 lowing review. The review process is spread out over
10 4 years.

11 4361061385

Reported by Senator Twitchell for the Committee on Taxation.
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(6/17/85) (Filing No. S-294)