

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1521

6
7 S.P. 579

In Senate, May 13, 1985

8 Referred to the Committee on Taxation. Sent down for concurrence and
9 ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Andrews of Cumberland.

11 Cosponsored by Representative Cashman of Old Town, Senator Twitchell
of Oxford and Representative Holloway of Edgecomb.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Provide for Greater Tax
18 Expenditure Accountability.
19

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

22 Sec. 1. 10 MRSA §980 is enacted to read:

23 §980. Tax expenditure analysis

24 1. Analysis. When proposed legislation is re-
25 ferred to the authority by the State Tax Assessor un-
26 der Title 36, section 193, the authority shall con-
27 duct an analysis of the legislation.

28 2. Content of analysis. The analysis of the
29 legislation shall identify the effect of the tax ex-
30 penditure upon:

31 A. The primary industry in which the taxpayers
32 likely to benefit are located;

1 B. The statewide economy, including secondary
2 industries and jobs;

3 C. The viability of the taxpayers likely to ben-
4 efit from the tax expenditure, both with and
5 without the legislation;

6 D. Competitors of the taxpayers likely to bene-
7 fit from the tax expenditure; and

8 E. Total annual payroll of the taxpayer.

9 The analysis shall also contain a listing of each
10 charge involving health, safety, environmental or la-
11 bor law violations filed against the taxpayer with an
12 agency of this State or of the Federal Government
13 during the year and the outcome, if known, of the
14 charge.

15 3. Reports. The authority shall report the re-
16 sults of its analysis, in writing, to the joint
17 standing committee of the Legislature having juris-
18 isdiction over taxation. The report shall identify and
19 evaluate alternative measures which will provide sim-
20 ilar benefits to the taxpayers who will benefit from
21 the tax expenditure.

22 If the proposed legislation is enacted, the au-
23 thority shall review the actual effect of the tax ex-
24 penditure using the criteria specified in subsection
25 2 and shall submit a report of its review to the Leg-
26 islature 2 years after enactment of the provision.

27 Sec. 2. 36 MRSA c. 4-A is enacted to read:

28 CHAPTER 4-A

29 TAX EXPENDITURE ACCOUNTABILITY

30 §81. The expenditure accountability

31 1. Application. A taxpayer who receives a re-
32 duction in taxes from a tax expenditure pursuant to
33 section 193 is subject to the requirements of this
34 section.

1 2. Recovery. Any taxpayer receiving such a re-
2 duction in taxes who falls into one of the following
3 categories shall be assessed a tax penalty equal to
4 the taxes that would have been paid in the 3 prior
5 years if the taxpayer had not received the tax reduc-
6 tion:

7 A. The taxpayer ceases the business activity
8 which resulted in the tax reduction;

9 B. The number of employee days for which compen-
10 sation was paid for the taxable year is 25% less
11 than for the prior taxable year. For purposes of
12 this section, the taxpayer is entitled to count
13 as employee days periods when employees were not
14 actually paid because of a labor strike or be-
15 cause the business was closed by reason of natu-
16 ral disaster; or

17 C. The taxpayer is found guilty of a criminal
18 violation under health, safety, environmental or
19 labor laws of the United States or of this State.

20 Sec. 3. 36 MRSA §193 is enacted to read:

21 §193. Tax expenditure notification

22 The State Tax Assessor shall identify any pro-
23 posed legislation which would provide a tax expendi-
24 ture which is likely to benefit 10 or fewer busi-
25 nesses and shall refer that proposed legislation to
26 the Finance Authority of Maine for analysis under Ti-
27 tle 10, section 980. For purposes of this section,
28 "tax expenditure" has the same meaning as in Title 5,
29 section 1664.

1

STATEMENT OF FACT

2 This bill provides that any legislation providing
3 a narrow range tax benefit to 10 or fewer businesses
4 would be identified by the State Tax Assessor and an-
5 alyzed by the Finance Authority of Maine to determine
6 the effect of the legislation upon the taxpayers
7 likely to benefit and upon other segments of the
8 Maine economy. The Legislature would be given a re-
9 port which would enable it to make informed decisions
10 on narrow range tax legislation.

11 In addition, the Finance Authority of Maine will
12 review the legislation, within 2 years after enact-
13 ment, to provide information to enable the Legisla-
14 ture to determine whether original expectations are
15 being fulfilled.

16 The bill also provides that if the business ac-
17 tivity of the taxpayer does not meet certain stan-
18 dards, the taxpayer must pay a penalty equal to the
19 amount of taxes that would have been paid over the
20 previous 3 years if the tax reduction had not been
21 made available.

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