

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

(EMERGENCY)  
THIRD SPECIAL SESSION

---

ONE HUNDRED AND THIRTEENTH LEGISLATURE

---

Legislative Document

NO. 2686

---

H.P. 1983 House of Representatives, September 13, 1988  
Received by the Clerk of the House on September 12,  
1988. Referred to the Committee on Taxation and ordered  
printed pursuant to Joint Rule 14.

EDWIN H. PERT, Clerk  
Presented by Representative CASHMAN of Old Town.

Cosponsored by Representative JACKSON of Harrison,  
Senators TWITCHELL of Oxford and SEWALL of Lincoln.

---

STATE OF MAINE

---

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-EIGHT

---

1 AN ACT to Return Surplus Revenues to the  
2 Taxpayers of Maine.  
3

---

4 Emergency preamble. Whereas, Acts of the  
5 Legislature do not become effective until 90 days  
6 after adjournment unless enacted as emergencies; and

7 Whereas, it is the intent of the Legislature and  
8 the Governor to return \$60,000,000 in excess revenue  
9 collections to the people of the State of Maine as  
10 soon as possible; and

1       Whereas, it is necessary that the State Tax  
2 Assessor take certain action pursuant to this  
3 legislation prior to the expiration of the 90-day  
4 period; and

5       Whereas, in the judgment of the Legislature, these  
6 facts create an emergency within the meaning of the  
7 Constitution of Maine and require the following  
8 legislation as immediately necessary for the  
9 preservation of the public peace, health and safety;  
10 now, therefore,

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

13       Sec. 1.   4 MRSA §118, as enacted by PL 1975, c.  
14 383, §4, is repealed.

15       Sec. 2.   5 MRSA §1515 is enacted to read:

16       §1515. Corporate Income Tax Investment Credit Fund

17       1. Corporate Income Tax Investment Credit Fund.  
18 There is established a Corporate Income Tax Investment  
19 Credit Fund for the purpose of reserving the money  
20 appropriated to it awaiting transfer to fund a  
21 one-time tax credit for corporate investments in new,  
22 used or leased tangible personal property which is  
23 placed in service in Maine during the 1989 calendar  
24 year and is directly related to the production of  
25 goods and services.

26       2. Enactment of credit. The joint standing  
27 committee of the Legislature having jurisdiction over  
28 taxation shall develop the specific provisions of the  
29 tax credit. The committee shall report its findings  
30 and any recommended legislation to the First Regular  
31 Session of the 114th Legislature. This program shall  
32 be finalized by April 30, 1989.

33       Sec. 3.   36 MRSA §578, sub-§1, as amended by PL  
34 1987, c. 861, §40, is further amended to read:

35       1.   Organized areas. The municipal assessors or

1 chief assessor of a primary assessing area shall  
2 adjust the State Tax Assessor's 100% valuation per  
3 acre for each forest type of their county by whatever  
4 ratio, or percentage of current just value, is then  
5 being applied to other property within the  
6 municipality to obtain the assessed values. Forest  
7 land in the organized areas, subject to taxation under  
8 this subchapter, shall be taxed as the property tax  
9 rate applicable to other property in the municipality,  
10 which rate shall be applied to the assessed values so  
11 determined.

12 The State Tax Assessor is authorized to make  
13 provisional payment of up to 75% of any municipal  
14 claim found to be in satisfactory form. The payment  
15 shall be made within 90 days after receipt of a  
16 satisfactory claim and shall be presented for final  
17 settlement to the Legislature next convening.

18 In tax years beginning on or after April 1, 1988, the  
19 State Tax Assessor shall determine annually the amount  
20 of acreage in each municipality which is classified  
21 and taxed in accordance with this subchapter. A  
22 municipality actually levying and collecting municipal  
23 property taxes and within whose boundaries this  
24 acreage lies shall receive annual payments from money  
25 so appropriated by the Legislature provided it submits  
26 an annual return in accordance with section 383; and  
27 it achieves the appropriate minimum assessment ratio  
28 described in section 327. For the property tax year  
29 based on the status of property on April 1, 1988, the  
30 per acre reimbursement amount shall increase from 15¢  
31 to 24¢. For the property tax year based on the  
32 status of property on April 1, 1989, the per acre  
33 reimbursement shall be 65% of the per acre tax revenue  
34 lost as a result of this subchapter. For property  
35 tax years based on the status of property on April  
36 1, 1990 1989, or thereafter, the per acre  
37 reimbursement shall be 90% of the per acre tax revenue  
38 lost as a result of this subchapter. For purposes of  
39 this section, the tax lost is the tax that would have  
40 been assessed, but for this subchapter, on the  
41 classified forest lands if they were assessed  
42 according to the undeveloped acreage valuations used  
43 in the state valuation then in effect, or according to

1 the current local valuation on undeveloped acreage,  
2 whichever is less, minus the tax that was actually  
3 assessed on the same lands in accordance with this  
4 subchapter.

5 No municipality may receive a reimbursement payment  
6 under this section which would exceed an amount  
7 determined by calculating the tree growth tax loss  
8 less the municipal savings in educational costs  
9 attributable to reduced state valuation.

10 A. The tree growth tax loss is the adjusted tax  
11 that would have been assessed, but for this  
12 subchapter, on the classified forest lands if they  
13 were assessed according to the undeveloped acreage  
14 valuations used in the state valuation then in  
15 effect minus the tax that was actually assessed on  
16 the same lands in accordance with this subchapter.

17 In determining the adjusted tax that would have  
18 been assessed, the tax rate to be used is computed  
19 by adding the additional school support required  
20 by the modified state valuation attributable to  
21 the increased valuation of forest land to the  
22 original tax committed and dividing this sum by  
23 the modified total municipal valuation. The  
24 adjusted tax rate is then applied to the valuation  
25 of forest land based on the undeveloped acreage  
26 valuations, adjusted by the certified ratio, to  
27 determine the adjusted tax.

28 B. The municipal savings in educational costs is  
29 determined by multiplying the school subsidy index  
30 by the change in state valuation attributable to  
31 the use of the valuations determined in accordance  
32 with this subchapter on classified forest lands  
33 rather than their valuation using the undeveloped  
34 acreage valuations used in the state valuation  
35 then in effect.

36 Sec. 4. 36 MRSA §6162-A, sub-§2, as enacted by  
37 PL 1987, c. 528, §2, is repealed and the following  
38 enacted in its place:



1 1987 Maine individual income tax return no later than  
2 October 15, 1988, or an individual who files a 1987  
3 Maine individual income tax return for a fiscal period  
4 beginning after January 1, 1987, but no later than  
5 December 31, 1987, on or before its due date with any  
6 valid extensions is eligible for a return under this  
7 chapter.

8 2. Return amount. The amount to be returned to  
9 an eligible taxpayer is determined in accordance with  
10 the following:

11 A. 12.5% of the first \$500 of tax liability;

12 B. 10.5% of the tax liability between \$501 and  
13 \$2,500; and

14 C. 2.0% of tax liability in excess of \$2,500.

15 3. Manner of return. The State Tax Assessor  
16 shall perform the calculations required by this  
17 chapter by September 28, 1988, on returns then present  
18 on the computer system. The State Tax Assessor shall  
19 commence to provide the State Controller with the  
20 necessary information for issuing surplus return  
21 checks no later than October 3, 1988. No rebate check  
22 may be issued for any amount less than \$5.  
23 Individuals whose income tax returns are processed  
24 after September 28, 1988, who are entitled to a return  
25 of surplus will be forwarded the appropriate check as  
26 soon as administratively possible.

27 Amounts determined for individuals as return of  
28 surplus are subject to setoff against outstanding tax  
29 liabilities. The Treasurer of State shall issue by  
30 November 1, 1988, all surplus return checks which can  
31 be administratively processed by that time.

32 Sec. 8. 36 MRSA c. 911 is enacted to read:

33 CHAPTER 911

34 1988 CORPORATE SURPLUS RETURN ACT

1 §6501. Short title

2 This chapter shall be known and may be cited as  
3 the "1988 Corporate Surplus Return Act."

4 §6502. Return rates

5 The surplus return to every eligible corporate  
6 taxpayer shall be \$200 or the actual 1987 corporate  
7 tax, whichever is less.

8 §6503. Eligible taxpayer

9 To be eligible, a taxpayer must file a 1987  
10 corporate income tax return on or before its due date  
11 with any valid extensions.

12 §6504. Surplus return checks

13 The State Tax Assessor shall provide to the State  
14 Controller, on a quarterly basis commencing in January  
15 1989, the necessary information for surplus return  
16 check issuance as determined in accordance with this  
17 chapter. The amounts determined for return of surplus  
18 are subject to setoff against outstanding tax  
19 liabilities of the corporation.

20 The Treasurer of State shall issue the surplus  
21 return checks. No rebate check is to be issued for  
22 any amount less than \$5.

23 Sec. 9. Appropriation. The following funds are  
24 appropriated from the General Fund to carry out the  
25 purposes of this Act.

26 1988-89

27 FINANCE, DEPARTMENT OF

28 Corporate Income Tax Investment  
29 Credit Fund Program

30 All Other \$ 5,000,000



1 Provides funds for  
2 one-time corporate  
3 income tax credits in  
4 accordance with  
5 section 2 of this Act.

6 Tree Growth Tax Reimbursement  
7 Supplement Program

8 All Other 700,000

9 Provides funds to  
10 increase the tree  
11 growth reimbursement  
12 ratio from 65% to 90%  
13 in fiscal year 1990 in  
14 accordance with  
15 section 3 of this  
16 Act. These funds  
17 shall not lapse, but  
18 shall be carried  
19 forward to be used for  
20 the same purpose until  
21 June 30, 1990.

22 Low-Income Tax Relief Supplement  
23 Program

24 All Other 8,000,000

25 Provides funds to  
26 expand the benefit  
27 portion of the  
28 Low-Income Tax Relief  
29 Program for the next  
30 biennium in accordance  
31 with section 5 of this  
32 Act. The additional  
33 cost is estimated to  
34 be \$4,000,000 in  
35 fiscal year 1990 and  
36 \$4,000,000 in fiscal  
37 year 1991. These  
38 funds shall not lapse,  
39 but shall be carried  
40 forward to be used for

1	the same purpose until	
2	June 30, 1991.	
3	Individual Income Tax Surplus Return	
4	Fund Program	
5	All Other	41,800,000
6	Provides funds for	
7	return of individual	
8	income tax surplus in	
9	accordance with	
10	section 7 of this Act.	
11	Corporate Income Tax Surplus Return	
12	Fund Program	
13	All Other	1,395,000
14	Provides funds for	
15	corporate income tax	
16	surplus return in	
17	accordance with	
18	section 8 of this Act.	
19	Bureau of Taxation	
20	All Other	175,000
21	Provides funds to meet	
22	administrative costs	
23	related to issuing	
24	checks in accordance	
25	with section 7 and	
26	section 8 of this Act.	
27	Court Facilities Payment Fund	
28	Program	
29	All Other	1,528,000
30	Provides funds to	
31	offset the loss of	
32	General Fund revenue	
33	in accordance with	
34	section 1 of this	
35	Act. These funds are	
36	to be	

1 transferred to the  
2 General Fund in the  
3 amount of \$764,000 in  
4 fiscal year 1990 and  
5 \$764,000 in fiscal  
6 year 1991. These  
7 funds shall not lapse,  
8 but shall be carried  
9 forward to be used for  
10 the same purpose until  
11 June 30, 1991.

12 DEPARTMENT OF FINANCE  
13 TOTAL

\$58,598,000

14 HUMAN SERVICES, DEPARTMENT OF

15 Free Drugs to Maine's Elderly  
16 Supplement Program

17 All Other

\$ 1,400,000

18 Provides funds to  
19 allow for an increased  
20 number of eligible  
21 participants in this  
22 program in accordance  
23 with section 4 of this  
24 Act. A total of  
25 \$700,000 is provided  
26 for fiscal year 1990  
27 and \$700,000 is  
28 provided for fiscal  
29 year 1991. These  
30 funds shall not lapse,  
31 but shall be carried  
32 forward to be used for  
33 the same purposes.

34 DEPARTMENT OF HUMAN SERVICES  
35 TOTAL

\$1,400,000

1 TREASURER OF STATE, OFFICE OF  
2 Administration - Treasury  
3 All Other \$30,000  
4 Provides funds to meet  
5 the administrative  
6 expenses associated  
7 with issuing checks in  
8 accordance with  
9 section 7 and section  
10 8 of this Act.

11 TREASURER OF STATE, OFFICE OF  
12 TOTAL \$30,000

13  
14 TOTAL APPROPRIATIONS \$60,028,000

15 **Sec. 10. Effective date.** Sections 1, 4 and 5  
16 of this Act are effective July 1, 1989.

17 **Emergency clause.** In view of the emergency  
18 cited in the preamble, this Act shall take effect when  
19 approved.

20 **FISCAL NOTE**

21 This bill returns \$60,000,000 in excess revenue  
22 collections to the people of the State of Maine in the  
23 following manner:

24 \$5.0 million is set aside to be used to fund a  
25 corporate tax exemption to be developed and approved  
26 by the 114th Legislature;

27 \$0.7 million is set aside to improve the tree  
28 growth tax reimbursement program;

29 \$8.0 million is set aside to improve the  
30 low-income property tax relief program;

31 \$41.8 million is provided for individual income

1 tax rebates;

2 \$1.395 million is provided for corporate income  
3 tax rebates;

4 \$.205 million is provided to cover the  
5 administrative expenses of issuing the rebate checks;

6 \$1.528 million is provided to offset a future loss  
7 of revenues to the State from the counties; and

8 \$1.4 million is set aside to improve the free  
9 drugs for Maine's elderly program.

10 STATEMENT OF FACT

11 Section 1 of this bill repeals a statutory  
12 requirement that counties pay for certain court  
13 facilities.

14 Section 2 creates a reserve fund to be used to  
15 provide a one-time investment tax credit for  
16 corporations.

17 Section 3 amends the phased-in reimbursement  
18 schedule for the tree growth tax program.

19 Section 4 makes the eligibility requirements for  
20 free drugs for Maine's elderly the same as those used  
21 in the elderly household tax and rent refund program.

22 Section 5 improves the benefit amount in the  
23 low-income property tax refund program.

24 Section 6 amends the eligibility requirements of  
25 the partial rebate of individual income tax as set out  
26 in Public Law 1987, chapter 832.

27 Section 7 defines the methodology of this  
28 individual income tax return process.

29 Section 8 defines the methodology of the corporate

1 income tax return process.

2 Section 9 appropriates \$60,028,000 for the  
3 purposes of this bill.

4 Section 10 provides for an effective date of July  
5 1, 1989, for sections 1, 4 and 5 of this bill.

6 5885091188