

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)

10
R. of S.

L.D. 2390

(Filing No. S.692)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48

STATE OF MAINE
SENATE
114TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT " B " to COMMITTEE AMENDMENT "A" to H.P. 1731, L.D. 2390, Bill, "An Act to Provide Tax Amnesty and Necessary Administrative Support to the Bureau of Taxation"

Amend the amendment by striking out all of the first paragraph after the title and inserting in its place the following:

'Amend the bill by striking out everything after the title and before the statement of fact and inserting in its place the following:

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

Whereas, a comprehensive study of the taxation system and tax policies of the State will enable the State to address budgetary matters in a coherent and consistent manner; and

Whereas, it is necessary that this legislation be enacted as an emergency measure so that the Select Committee on Comprehensive Tax Reform, established in this Act, may immediately undertake its important tasks and make a timely, complete and accurate report to the First Regular Session of the 115th Legislature; and

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

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

Further amend the amendment in section A-1 by inserting at the end the following:

R. of S.

2 '§6559. Amnesty receipts

4 Notwithstanding any other provision of law, funds obtained
6 through the Maine Tax Amnesty Program established by this chapter
accrue in their entirety directly to the General Fund.'

8 Further amend the amendment in section B-1 in that part
10 designated "§113." by striking out all of the first paragraph
(page 4, lines 26 to 29 in amendment) and inserting in its place
12 the following:

14 'Funds derived from contract audit and collection efforts
are treated as revenues only to the extent that collections
16 resulting from those efforts exceed the costs associated with the
audit and collection efforts. The State Tax Assessor shall
18 annually report to the Legislature the costs and collections of
the Maine Tax Amnesty Program established by chapter 913.'

20 Further amend the amendment by inserting at the end of Part
22 H the following:

24 'PART I

26 **Sec. I-1. Committee established.** The Select Committee on
Comprehensive Tax Reform is established.

28 **Sec. I-2. Committee membership.** The committee consists of
30 the following 13 members: 2 Senators appointed by the President
of the Senate; 3 members of the House of Representatives
32 appointed by the Speaker of the House of Representatives; the
State Tax Assessor or the assessor's designee; the State Auditor
34 or the auditor's designee; and 6 members representing a broad
spectrum of expertise, interest and concern in state tax policy.
36 Of the 6 members representing a broad spectrum, 2 members
representing the general public must be appointed by the
President of the Senate, 2 members representing the general
38 public must be appointed by the Speaker of the House of
Representatives, and the final 2 members must be appointed by the
40 Governor.

42 **Sec. I-3. Appointments; meetings.** All appointments must be
44 made no later than 30 days following the effective date of this
Act. The Executive Director of the Legislative Council must be
46 notified by all appointing authorities once the selections have
been made. The Chair of the Legislative Council shall call the
48 first meeting of the committee. The committee shall select a
chair from its membership by 3/5 vote of the membership.

50 **Sec. I-4. Duties.** The Chair of the Legislative Council or a
designee, upon completion of all appointments, shall convene the
52 committee. The committee shall undertake a study of the current
taxation system and tax policies in the State and strive

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1731,
L.D. 2390

2 to establish a comprehensive tax reform package. As part of the
study, the committee shall review:

4 1. The current procedures raising revenue through taxation
in the State and determine the progressive or regressive nature
6 of the various taxes;

8 2. Inconsistencies in the current tax scheme, including
inconsistent sales tax rates and inconsistent rates imposed on
10 selected services with a goal of removing those inconsistencies;

12 3. Exemptions under the sales and use tax and income tax
laws;

14 4. Revenue policy in other jurisdictions; and

16 5. Any anticipated restrictions on and demands for revenue
18 that would have to be included in future budgets of the state,
counties and municipalities.

20 **Sec. I-5. Subcommittees authorized.** Under the direction of the
22 chair, the committee may form subcommittees as necessary to
perform its duties more effectively.

24 **Sec. I-6. Report.** The committee shall submit its preliminary
26 report to the First Regular Session of the 115th Legislature by
December 1, 1990. The committee shall submit its final report,
28 including any necessary implementing legislation, to the First
Regular Session of the 115th Legislature and the Office of the
30 Executive Director of the Legislative Council by January 30, 1991.

32 **Sec. I-7. Staff assistance.** The committee may request staff
assistance from the Legislative Council. The Bureau of Taxation
34 shall provide general staffing assistance to the committee. The
committee may contract for additional consulting assistance as
36 necessary.

38 **Sec. I-8. Reimbursement.** The members of the committee who are
Legislators are entitled to the legislative per diem, as defined
40 in the Maine Revised Statutes, Title 3, section 2, for days of
attendance at committee meetings. All members of the committee
42 who are not state employees are entitled to expenses, as defined
in Title 5, section 12002, upon application to the Executive
44 Director of the Legislative Council for those expenses.

46 **Sec. I-9. Appropriation.** The following funds are appropriated
from the General Fund to carry out the purposes of this Part.

R. of S.

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1731,
L.D. 2390

2 1989-90 1990-91

4 LEGISLATURE

6 Select Committee on Comprehensive
Tax Reform

8			
10	Personal Services	\$275	\$1,925
	All Other	108,050	6,650

12 Provides funds for the per
14 diem, travel, printing,
consulting and miscellaneous
16 expenses of the Select
Committee on Comprehensive
18 Tax Reform. The funds may
not lapse but must be carried
forward.

20			
22	LEGISLATURE TOTAL	\$108,325	\$8,575

24 PART J

26 Sec. J-1. 36 MRSA §5200-A, sub-§1, ¶G, as enacted by PL 1983,
28 c. 855, §20, is amended to read:

30 G. For a taxable year ending in 1984, the sum of the
32 following portions of the deductions allowed for that
taxable year to the taxpayer under the United States
Internal Revenue Code, Section 168:

- 34 (1) 2.5% of the deductions for 3-year property;
- 36 (2) 7.5% of the deductions for 5-year property;
- 38 (3) 12.5% of the deductions for 10-year property; and
- 40 (4) 20% of the deductions for 15-year property; and

42 Sec. J-2. 36 MRSA §5200-A, sub-§1, ¶H is enacted to read:

44 H. Interest or dividends on obligations or securities of
46 any state or of a political subdivision or authority, other
48 than this State and its political subdivisions and
authorities.

50 Emergency clause. In view of the emergency cited in the
preamble, this Act takes effect when approved.'

52

R. of 3

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1731,
L.D. 2390

2 Further amend the amendment by striking out all of the
fiscal note and inserting in its place the following:

4 **FISCAL NOTE**

6 It is estimated that Part A and Parts C to E, establishing
the Maine Tax Amnesty Program, will generate an additional
8 \$17,600,000 in collections in fiscal year 1990-91. Additionally,
the revenue base will be increased so that an ongoing increase in
10 revenue will be expected. These funds are not subject to set
aside for purposes of municipal revenue sharing.

12 Part B requires an appropriation of about \$2,600,000 in
14 fiscal year 1990-91. The net impact of Parts A to E of this bill
in fiscal year 1990-91 is an estimated increase of about
16 \$15,000,000 in tax collections, which the Governor has included
as part of the budget deficit proposals.

18 It is estimated that Part F will increase use tax revenue by
20 \$4,000,000 in fiscal year 1990-91. The General Fund will receive
94.9% of the amount while the Local Government Fund will receive
22 5.1%.

24 It is estimated that Part G, that provides for the temporary
elimination of corporate and large S Corporations net operating
26 loss carry-backs will increase income tax revenue by \$1,000,000
in fiscal year 1989-90 and \$6,000,000 in fiscal year 1990-91. Of
28 these amounts, 94.9% will accrue to the General Fund and 5.1%
will accrue to the Local Government Fund.

30 Part I will require an appropriation of \$116,900 to fund the
32 study being established. Part J will generate an estimated
\$200,000. Of this amount, 94.9% will accrue to the General Fund.

34 The total net fiscal impact of this bill is a gain in
36 General Fund revenue of about \$25,573,000 in fiscal years 1989-90
and 1990-91. The Governor has included \$26,000,000 total as
38 part of the budget deficit proposals.'

40 **STATEMENT OF FACT**

42 This amendment provides that funds obtained through the
44 Maine Tax Amnesty Program accrue directly to the General Fund.
The amendment also provides that funds derived from contract
46 audit and collections efforts are treated as revenues only to the
extent that collections resulting from those efforts exceed the
48 costs associated with those efforts.

50 Part I of this amendment establishes the Select Committee on
Comprehensive Tax Reform that is charged with reviewing current
52 tax schemes and procedures in the State and revenue policies in

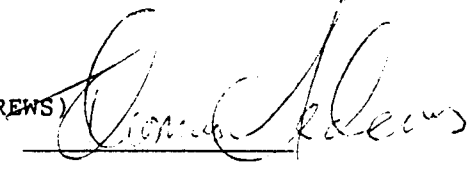
R. of S.

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1731,
L.D. 2390

2 other states and analyzing the impact of the 1989-90 and 1990-91
budgets on the State's future. As part of the study, the
4 committee shall look at ways to more accurately make necessary
budgeting projections and remove existing inconsistencies in the
current tax laws.

6
8 Part J of this amendment will require corporate taxpayers to
add to federal income the amount of interest and dividends earned
10 on out-of-state bonds and securities. This is the same process
used by individual income tax filers now.

12 The amendment also adds an emergency preamble and emergency
14 clause and replaces the fiscal note.

16
18 (Senator ANDREWS) 
SPONSORED BY: _____

20 COUNTY: Cumberland

22

Reproduced and Distributed Pursuant to Senate Rule 12.
(4/11/90) (Filing No. S-692)