

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2466

S.P. 999

In Senate, March 29, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

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

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ESTES of York.

Cosponsored by Senator ANDREWS of Cumberland, Representative CASHMAN of Old Town and Senator BRANNIGAN of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

Resolve, to Establish a Select Committee on Comprehensive Tax Reform.

(EMERGENCY)
(AFTER DEADLINE)



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

4
6 **Whereas,** the current budget shortfall poses grave problems
for the State and necessitates a thorough review of the revenue
implications of the state tax laws; and

8
10 **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

12
14 **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 resolve, may
immediately undertake its important tasks and make a timely,
complete and accurate report to the First Regular Session of the
115th Legislature; and

18
20 **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

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26 **Sec. 1. Committee established. Resolved:** That the Select
Committee on Comprehensive Tax Reform is established; and be it
further

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30 **Sec. 2. Committee membership. Resolved:** That the committee
shall consist of the following 13 members: 2 Senators appointed
by the President of the Senate; 3 members of the House of
Representatives appointed by the Speaker of the House of
Representatives; the State Tax Assessor or the assessor's
designee; the State Auditor or the auditor's designee; one member
representing the Maine Municipal Association, one member
representing the Maine School Management Association, Inc. and
one member representing the Maine Chamber of Commerce and
Industry, each of whom is recommended by their respective
organization and appointed jointly by the President of the Senate
and the Speaker of the House of Representatives; and one member
of the general public with expertise in tax policy matters, one
member of the general public with expertise in economics and one
member representing a postsecondary educational institution with
expertise in public policy appointed jointly by the President of
the Senate and the Speaker of the House of Representatives; and
be it further

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50 **Sec. 3. Appointments: meetings. Resolved:** That all
appointments must be made no later than 30 days following the
effective date of this resolve. The Executive Director of the

2 Legislative Council must be notified by all appointing
3 authorities once the selections have been made. The Chair of the
4 Legislative Council shall call the first meeting of the
5 committee. The committee shall select a chair from its
6 membership; and be it further

7 **Sec. 4. Duties. Resolved:** That, commencing June 1, 1990, the
8 committee shall undertake a study of the current taxation system
9 and tax policies in the State and strive to establish a
10 comprehensive tax reform package. As part of the study, the
11 committee shall review:

12
13 1. The current procedures raising revenue through taxation
14 in the State and determine the progressive or regressive nature
15 of the various taxes;

16
17 2. The shortcomings of current revenue projection
18 capabilities with a goal of recommending improvements to ensure
19 more accurate projections in the future;

20
21 3. Inconsistencies in the current tax scheme, specifically
22 including inconsistent sales tax rates and inconsistent rates
23 imposed on selected services with a goal of removing those
24 inconsistencies;

25
26 4. Exemptions under the sales and use tax and income tax
27 laws;

28
29 5. Revenue policy in other jurisdictions; and

30
31 6. The budget for fiscal years 1989-90 and 1990-91, to
32 provide an analysis of the impact of that budget on future
33 Legislatures and future budgets; and be it further

34
35 **Sec. 5. Subcommittees authorized. Resolved:** That under the
36 direction of the chair, the committee may form subcommittees as
37 necessary to perform its duties more effectively; and be it
38 further

39
40 **Sec. 6. Report. Resolved:** That the committee shall submit its
41 preliminary report to the First Regular Session of the 115th
42 Legislature by December 1, 1990. The committee shall submit its
43 final report, including any necessary implementing legislation,
44 to the First Regular Session of the 115th Legislature by January
45 15, 1991; and be it further

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47 **Sec. 7. Staff assistance. Resolved:** That the commission shall
48 request from the Legislative Council sufficient general staff
49 assistance from the Office of Policy and Legal Analysis and the
50 Office of Fiscal and Program Review to carry out these duties.
51 The Office of Fiscal and Program Review shall assemble and
52 synthesize for the committee's use any past studies or reports on

2 tax issues conducted or issued in the 5 years preceding the
3 effective date of this resolve. The Bureau of Taxation shall
4 also provide general staffing assistance to the committee. The
5 committee shall contract for additional consulting assistance as
6 necessary; and be it further

7 **Sec. 8. Reimbursement. Resolved:** That the members of the
8 committee who are Legislators are entitled to receive the
9 legislative per diem, as defined in the Maine Revised Statutes,
10 Title 3, section 2, for days of attendance at committee
11 meetings. All members of the committee who are not state
12 employees are entitled to receive expenses, as defined in the
13 Maine Revised Statutes, Title 5, section 12002, upon application
14 to the Executive Director of the Legislative Council for those
15 expenses; and be it further

16 **Sec. 9. Appropriation. Resolved:** That the following funds are
17 appropriated from the General Fund to carry out the purposes of
18 this resolve.

19 1989-90 1990-91

20 **LEGISLATURE**

21 **Select Committee on Comprehensive
22 Tax Reform**

23	Personal Services	\$275	\$1,925
24	All Other	138,050	6,650

25 Provides funds for the per
26 diem, travel, printing,
27 consulting and miscellaneous
28 expenses of the Select
29 Committee on Comprehensive
30 Tax Reform. The funds may
31 not lapse but must be carried
32 forward.

33 **LEGISLATURE**

34	TOTAL	<u>\$138,325</u>	<u>\$8,575</u>
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35 **Emergency clause.** In view of the emergency cited in the
36 preamble, this resolve takes effect when approved.

37 **STATEMENT OF FACT**

38 This resolve establishes the Select Committee on
39 Comprehensive Tax Reform that is charged with reviewing current
40 tax schemes and procedures in the State and revenue policies in

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.