

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

SECOND REGULAR SESSION-1992

Legislative Document

No. 2402

S.P. 940

In Senate, March 5, 1992

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.
Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

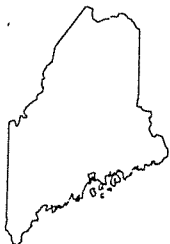
Presented by Senator DUTREMBLE of York

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-TWO

**An Act to Require That Sales Tax Exemptions and Tax Credits Benefit
the People of the State.**

(AFTER DEADLINE)



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

2
4 **Sec. 1. 36 MRSA §191, sub-§2**, as amended by PL 1991, c. 546, §7, is further amended by amending the first paragraph to read:

6 **2. Exemptions.** This section shall does not be ~~construed to~~ prohibit:

8
10 **Sec. 2. 36 MRSA §191, sub-§2, ¶N**, as amended by PL 1987, c. 769, Pt. A, §148, is further amended to read:

12 N. The disclosure by the State Tax Assessor of computerized individual income tax data, without identification by taxpayer name, number or address, to a research agency of the Legislature; and

16
18 **Sec. 3. 36 MRSA §191, sub-§2, ¶O**, as enacted by PL 1987, c. 769, Pt. A, §149, is amended to read:

20 O. The disclosure to an authorized representative of the Department of Human Services of the most recent address of a delinquent payor of child support when a written request containing the payor's ~~Seeial--Seeurity~~ social security number is made by the department; and

26 **Sec. 4. 36 MRSA §191, sub-§2, ¶P** is enacted to read:

28 P. The publication of information concerning the amount and nature of tax expenditures, reductions in taxes and public benefits from reductions in taxes, as those terms are used in section 196-A. This information may be categorized by industry or geographic area or both and may be published whether or not the identity of a particular taxpayer can be inferred from the classification.

36 **Sec. 5. 36 MRSA §196**, as enacted by PL 1985, c. 430, §3, is repealed.

38 **Sec. 6. 36 MRSA §196-A** is enacted to read:

40 **§196-A. Definitions**

42 As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

46 **1. Public benefit.** "Public benefit" means the benefit, if any, gained by the State, a subdivision of the State or more than one resident of the State as a result of a reduction in taxes.

2 2. Reduction in taxes. "Reduction in taxes" means the
4 amount of taxes that, but for the application of a tax
 expenditure, would have been payable by a taxpayer, minus the
6 amount of taxes paid by the taxpayer.

8 3. Tax expenditure. "Tax expenditure" means a provision of
 state law that results in a reduction of tax revenue due to a
10 special exclusion, exemption, deduction, credit, preferential
 rate or deferral of tax liability.

12 **Sec. 7. 36 MRSA §199, sub-§1, ¶¶E and F,** as enacted by PL 1985,
14 c. 430, §3, are amended to read:

16 E. A recommendation of the committee as to the amendment,
 repeal, replacement or retention of the tax expenditure or
18 any other matters relating to the provisions subject to
 review; and

20 F. An evaluation of the effectiveness of the procedures
 required by this chapter and any recommendations for
22 change.; and

24 **Sec. 8. 36 MRSA §199, sub-§1, ¶G** is enacted to read:

26 G. An estimate of the amount of reductions in taxes
28 provided to businesses and individuals by a tax expenditure
 and a summary of the public benefit obtained as a result of
30 the reductions in taxes. The State Tax Assessor may provide
 this information by industry or geographic area. The
32 committee may request classification by industry or
 geographic area or both.

34 **Sec. 9. 36 MRSA §200** is enacted to read:

36 **§200. Return information**

38 The State Tax Assessor shall require a corporation, a
40 partnership, or an individual who is a sole proprietor or is
 required to file an information return pursuant to section 5241
42 that claims a reduction in taxes as a result of a tax expenditure
 to file a statement showing the amount of the reduction in taxes
44 and specifying the public benefit derived as a result of the
 reduction in taxes. The statement must be filed on a form
46 prescribed by the State Tax Assessor. The State Tax Assessor
 shall adopt rules to implement this section.

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STATEMENT OF FACT

4 This bill amends existing law requiring periodic reports on
the nature and effectiveness of tax expenditures, such as tax
6 exemptions, preferences or credits, by requiring each business
taxpayer that receives a reduction in taxes to file a return that
8 specifies the amount of the reduction and the public benefit
derived by the reduction in that taxpayer's payments. This
10 information, categorized by industry or geographic area or both,
may be provided to or requested by the Joint Standing Committee
12 on Taxation. Provision of this information will enable the
committee to make fully informed decisions on the continuation of
14 tax expenditures after consideration of both costs and benefits.