

# MAINE STATE LEGISLATURE

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103

L.D. 1440

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DATE: 3/25/96

(Filing No. H- 837)

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**TAXATION**

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10 Reproduced and distributed under the direction of the Clerk of  
the House.

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
117TH LEGISLATURE  
SECOND REGULAR SESSION**

16

18

COMMITTEE AMENDMENT "A" to H.P. 1025, L.D. 1440, Bill, "An  
Act to Establish a Catastrophic Health Care Expense Program"

20

22

Amend the bill by striking out the title and substituting  
the following:

24

**'An Act to Repeal the Gross Receipts Tax'**

26

28

Further amend the bill by striking out everything after the  
enacting clause and before the statement of fact and inserting in  
its place the following:

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32

**Sec. 1. 36 MRSA c. 370**, as enacted by PL 1993, c. 410, Pt.  
YY, §2 and affected by §6, is repealed.

34

**Sec. 2. 36 MRSA §5219-J**, as enacted by PL 1993, c. 711, §2  
and affected by §3, is repealed.

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38

**Sec. 3. Effective date.** This Act takes effect January 1, 1997.

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**Sec. 4. Appropriation.** The following funds are appropriated  
from the General Fund to carry out the purposes of this Act.

42

**1996-97**

44

**HUMAN SERVICES, DEPARTMENT OF**

A of S.

2 **Intermediate Care - Payments to Providers**

4 All Other (\$2,508,466)

6 Deappropriates funds due to  
8 savings resulting from the  
8 repeal of the Gross Receipts  
10 Tax effective January 1, 1997.

12 **Sec. 5. Allocation.** The following funds are allocated from the  
12 Federal Expenditure Fund to carry out the purposes of this Act.

14 **1996-97**

16 **HUMAN SERVICES, DEPARTMENT OF**

18 **Intermediate Care - Payments to Providers**

20 All Other (\$4,330,318)

22 Deallocates funds due to  
24 savings resulting from the  
24 repeal of the Gross Receipts  
26 Tax effective January 1,  
1997.'

28 Further amend the bill by inserting at the end before the  
30 statement of fact the following:

32 **FISCAL NOTE**

**1996-97**

34 **APPROPRIATIONS/ALLOCATIONS**

36 General Fund (\$2,508,466)  
38 Other Funds (4,330,318)

40 **REVENUES**

42 General Fund (\$12,352,628)  
44 Other Funds (3,444,318)

46 This bill will result in a net General Fund cost of  
48 \$9,844,162 in fiscal year 1996-97. A net General Fund revenue  
reduction of \$12,352,628 is partially offset by General Fund  
savings in the Department of Human Services of \$2,508,466.

2           The repeal of the Gross Receipts Tax, effective January 1,  
4           \$12,352,628 and an increase of dedicated revenue to the Local  
6           Government Fund for state-municipal revenue sharing of \$885,376  
8           in fiscal year 1996-97. The loss of General Fund revenue of the  
10           Gross Receipts Tax of \$28,827,567 in fiscal year 1996-97 is  
12           partially offset by the increase of General Fund revenue of  
          \$16,474,939 resulting from the shift of the taxation of certain  
          eating establishments to the Sales and Use Tax Law. This shift  
          also results in an increase of dedicated revenue to the Local  
          Government Fund for state-municipal revenue sharing of \$885,376.

14           These amounts are based on partial year estimates. The full  
16           year impacts of these tax changes, beginning in fiscal year  
18           1997-98, are estimated to be a reduction of General Fund revenue  
20           from the Gross Receipts Tax of \$76,560,856 offset by an increase  
22           of General Fund revenue from the sales tax of \$46,434,234. The  
24           estimated full year increases of dedicated revenue to the Local  
26           Government Fund for state-municipal revenue sharing from sales  
28           taxes are estimated to be \$2,495,412. Additionally, these net  
30           reductions of tax receipts will be partially offset by the repeal  
          of the catastrophic health expense income tax credit, increasing  
          General Fund revenue by \$3,154,974 in fiscal year 1997-98, with a  
          corresponding increase in dedicated revenue to the Local  
          Government Fund for state-municipal revenue sharing of \$169,551.  
          Therefore, the net impact of these tax changes will be a net  
          decrease of General Fund revenue beginning in fiscal year 1997-98  
          estimated at \$26,971,648 and an increase of dedicated revenue to  
          the Local Government Fund estimated at \$2,664,963.

32           The repeal of the Gross Receipts Tax will result in savings  
34           to the Department of Human Services from a reduction in  
36           commitments to nursing homes. This bill includes a General Fund  
38           deappropriation of (\$2,508,466) and a matching Federal  
40           Expenditure Fund deallocation of (\$4,330,318) in fiscal year  
42           1996-97 to reflect the reduction of revenue from federal matching  
          funds. Based on the current fiscal year 1996-97 budget, the  
          annualized General Fund savings in the Department of Human  
          Services would be approximately \$6,000,000 beginning in fiscal  
          year 1997-98. However, the exact amount of future savings to the  
          department can not be determined at this time.

44           The Governor's proposed supplemental budget with revisions  
46           includes changes that may affect this bill's impact on the amount  
48           available for deappropriation from the Department of Human  
50           Services. This estimate of the fiscal impact may need to be  
          adjusted based on final legislative actions on the supplemental  
          budget.'

AWS

COMMITTEE AMENDMENT "A" to H.P. 1025, L.D. 1440

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**STATEMENT OF FACT**

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This amendment replaces the bill and repeals the gross receipts tax and the catastrophic health expense tax credit.

**COMMITTEE AMENDMENT**