

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1998

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Legislative Document

No. 1963

S.P. 720

In Senate, January 7, 1998

**An Act to Require the Bureau of Revenue Services to Report on the Incidence of Tax Burdens to Business Sectors of the State's Economy and to Income Classes of Citizens.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

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 MILLS of Somerset.

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

2                   Sec. 1. 36 MRSA c. 11 is enacted to read:

4   CHAPTER 11

6   REVENUE IMPACT

8                   §200. Bureau of Revenue Services report on revenue incidence

10                   1. Impact of taxes on individuals. The State Tax Assessor  
12 shall submit a report containing the information required by this  
14 subsection to the Legislature by October 1st of each  
even-numbered year.

16                   A. Part 1 of the report must describe the overall incidence  
18 of the state income tax, the sales tax and the property  
tax. The report must present information on the  
20 distribution of the tax burden:

22                                   (1) For the overall income distribution, using a  
measure of system-wide incidence that appropriately  
24 measures equality and inequality:

26                                   (2) By income classes, including, at a minimum,  
deciles of the income distribution; and

28                                   (3) By other appropriate taxpayer characteristics.

30                   B. Part 2 of the report must describe the impact of the tax  
32 system on business and industrial sectors. The report must:

34                                   (1) Describe the impact of taxes on major sectors of  
the business and industrial economy relative to other  
36 sectors; and

38                                   (2) Describe the relative impact of each tax on  
business and industrial sectors.

40                   2. Legislation analysis. At the request of the joint  
42 standing committee of the Legislature having jurisdiction over  
taxation matters, the State Tax Assessor shall prepare an  
44 incidence impact analysis of any legislation or proposal to  
change the tax laws that increases, decreases or redistributes  
46 taxes by more than \$20,000,000. To the extent data is available  
on the changes in the distribution of the tax burden that are  
48 effected by that legislation or proposal, the analysis must  
report on the incidence effects that would result if the  
50 legislation were enacted. The report may present information,  
using system-wide measures, by income classes, taxpayer

2 characteristics or other relevant categories. The report may  
3 include analyses of the effect of the legislation proposal on  
4 representative taxpayers. The analysis must include a statement  
5 of the incidence assumptions that were used in computing the tax  
6 burdens.

8 **SUMMARY**

10 This bill requires the Bureau of Revenue Services to report  
11 to the Legislature before each legislative biennium on how the  
12 tax structure affects individuals and various segments of the  
13 State's economy and to report on the relative burdens among  
14 business and industrial segments of the economy. The bill also  
15 requires the bureau to prepare legislation analysis at the  
16 request of the joint standing committee of the Legislature having  
17 jurisdiction over taxation matters for legislation with an impact  
18 that exceeds \$20,000,000.