

MAINE STATE LEGISLATURE

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DATE: April 2, 1998

(Filing No. S- 702)

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 1589, L.D. 2219, Bill, "An Act to Reduce Income and Property Taxes"

Amend the amendment by inserting after the title the following:

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

'An Act to Reduce Income and Property Taxes and Repeal the Snack Tax'

Further amend the amendment by striking everything after the title and before the 2nd indented paragraph before the fiscal note and inserting in its place the following:

'Further amend the bill by striking out all of sections 1 to 4 and inserting in their place the following:

'Sec. 1. 36 MRSA §507, first ¶, as amended by PL 1997, c. 643, Part HHH, § 2, is further amended to read:

When a municipality issues a property tax bill to each taxpayer, each bill must contain a statement or calculation that demonstrates the amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, ~~state reimbursement for the Maine resident homestead property tax exemption~~ and state aid for education. ~~The property tax bill must contain a statement of the assessed value of a homestead, before and after the calculation of a Maine resident homestead property tax exemption, and the amount of the exemption applied to the homestead.~~ The State Tax Assessor shall annually provide each municipality with the amount of state-municipal revenue sharing and state aid for education subject to identification under this section.

SENATE AMENDMENT

2 **Sec. 2. 36 MRSA c. 105, sub-c. IV-B**, as enacted by PL 1997, c.
643, Pt. HHH, § 3, is repealed.

4 **Sec. 3. 36 MRSA §1752, sub-§3-B**, as amended by PL 1991, c.
846, §17, is further amended to read:

6 **3-B. Grocery staples.** "Grocery staples" means food
8 products ordinarily consumed for human nourishment and includes,
10 but is not limited to, cereals and grain products, including
bread, rolls and unflavored matzo; milk and milk products;
12 oleomargarine; meat and meat products; fish and seafood products;
poultry; eggs and egg products; vegetables and vegetable
14 products, including pickles; fruit and fruit products, including
fruit juices and fruit sauces; naturally flavored powdered or
16 liquid drink mixes or drinks; spices, condiments, including jams,
jellies and peanut butter, salt and sugar; coffee and tea; and
unroasted nuts.

18 "Grocery staples" does not include spirituous, malt or vinous
20 liquors; soft drinks, iced tea, sodas or beverages such as are
ordinarily dispensed at bars or soda fountains or in connection
22 with bars or soda fountains; medicines, tonics, vitamins and
preparations in liquid, powdered, granular, tablet, capsule,
24 lozenge or pill form, sold as dietary supplements or adjuncts,
except when sold on the prescription of a physician; water,
26 including mineral bottled and carbonated waters and ice; dietary
substitutes; ~~snaek-feed~~; candy and confections, chewing gum, ice
28 cream novelties; frozen confections; and prepared food.

30 **Sec. 4. 36 MRSA §1752, sub-§14-C**, as enacted by PL 1991, c.
591, Pt. WW, §2 and affected by §4, is repealed.

32 **Sec. 5. 36 MRSA §6201, sub-§11-A**, as amended by PL 1997, c.
34 643, Pt. HHH, §6, is further amended to read:

36 **11-A. Rent constituting property taxes accrued for**
nonelderly household. "Rent constituting property taxes accrued
38 for nonelderly household" means ~~18%~~ 15% of the gross rent
actually paid in cash or its equivalent in any tax year by a
40 claimant and the claimant's household solely for the right of
occupancy of their Maine homestead in the tax year and which rent
42 constitutes the basis, in the succeeding calendar year, of a
claim for relief under this chapter by the claimant.

44 **Sec. 6. 36 MRSA §6207, sub-§1, ¶A-1**, as amended by PL 1997, c.
46 557, Pt. A, §3 and affected by Pt. G, §1, is further amended to
read:

48 A-1. Fifty percent of that portion of the benefit base that
50 exceeds ~~4%~~ 3% but does not exceed 8% of income plus 100%

SENATE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 1589,
L.D. 2219

of that portion of the benefit base that exceeds ~~8%~~ 6% of
income to a maximum payment of ~~\$1,000~~ \$2,000.

Sec. 7. 36 MRSA §6207, sub-§2, as amended by PL 1997, c. 557,
Pt. A, §3 and affected by Pt. G, §1, is further amended to read:

2. Income eligibility. Single-member households with
household incomes in excess of ~~\$25,700~~ \$40,000 and households
with 2 or more members with a household income in excess of
~~\$40,000~~ \$60,000 are not eligible for a benefit.

Sec. 8. Effective date. That section of this Act that amends
the Maine Revised Statutes, Title 36, section 1752, subsection
3-B and that section of this Act that repeals Title 36, section
1752, subsection 14-C take effect January 1, 1999.

Sec. 9. Appropriation. The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

1998-99

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

Maine Resident Property Tax Program

All Other \$14,300,000

Provides funds for expanded benefits under
the circuit breaker program.' '

FISCAL NOTE

This amendment repeals the Homestead Exemption Property Tax
Exemption enacted by Public Law 1997, Chapter 643, resulting in
General Fund savings of \$46,040,213 in fiscal year 1998-99,
\$47,598,990 in fiscal year 1999-2000 and \$49,944,261 in fiscal
year 2000-01. The provisions added by this amendment will result
in an increase of General Fund costs totaling \$19,893,290 in
fiscal year 1998-99, \$28,835,438 in fiscal year 1999-2000 and
\$30,139,005 in fiscal year 2000-01. The net decreases of General
Fund costs as a result of this amendment are \$26,146,923 in
fiscal year 1998-99, \$18,763,532 in fiscal year 1999-2000 and
\$19,805,256 in fiscal year 2000-01.

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SUMMARY

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This amendment does the following:

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1. It repeals the Maine Resident Homestead Property Tax Exemption;

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2. It removes that provision of the bill and Committee Amendment "A" that increases the personal exemption amount for Maine's individual income tax, since that provision was enacted into law by Public Law 1997, chapter 643;

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3. It repeals the snack tax, effective January 1, 1999, but leaves intact the taxation of those items that were taxable prior to the enactment of the snack tax;

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4. It expands the circuit breaker program in 3 ways. First, the tax to income thresholds are reduced from 4% and 8% to 3% and 6%, respectively. Second, the income thresholds are increased in program year 1998 from \$25,700 for singles and \$40,000 for joint filers to \$40,000 and \$60,000, respectively. Third, it increases the maximum benefit payment from \$1,000 to \$2,000; and

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5. This amendment funds the repeal of the snack tax and the expansion of the circuit breaker program with funding from the Tax Relief Fund for Maine Residents and the Tobacco Tax Relief Fund.

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SPONSORED BY:

(Senator HARRIMAN)

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COUNTY: Cumberland

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