

MAINE STATE LEGISLATURE

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L.D. 377

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DATE: May 3, 1999

(Filing No. S- 175)

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TAXATION

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Reported by:

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
FIRST REGULAR SESSION**

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COMMITTEE AMENDMENT " A " to S.P. 141, L.D. 377, Bill, "An Act to Facilitate Compliance with the Federal Communications Act of 1996"

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Amend the bill in section 1 in subsection 80 by inserting at the end the following blocked paragraphs:

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'The assessor shall report to the Second Regular Session of the 120th Legislature and each subsequent 2nd regular session of the Legislature regarding the fiscal impact of this exemption and the progress of broadcast radio and television stations in implementing the transition to digital broadcasting required by the Federal Communications Act of 1996.

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This subsection is repealed December 31, 2006 or when the assessor certifies that digital television receivers have reached 85% of the consumer market in the State, whichever occurs earlier.'

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Further amend the bill by inserting after section 1 the following:

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'Sec. 2. 36 MRSA §6652, sub-§1-D is enacted to read:

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1-D. Additional exclusions. Reimbursement may not be made under this chapter for property that qualified for a sales tax exemption as digital broadcast machinery or equipment under section 1760, subsection 80.'

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Further amend the bill by inserting at the end before the summary the following:

COMMITTEE AMENDMENT

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FISCAL NOTE

| | 1999-00 | 2000-01 |
|-----------------|-------------|-------------|
| REVENUES | | |
| General Fund | (\$381,806) | (\$773,400) |
| Other Funds | (20,519) | (41,563) |

The sales and use tax exemption of certain purchases by broadcast radio or television stations will decrease sales tax collections by \$402,325 in fiscal year 1999-00 and \$814,963 in fiscal year 2000-01. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$20,519 and \$41,563, respectively. The resulting net reductions of General Fund revenue will be \$381,806 in fiscal year 1999-00 and \$773,400 in fiscal year 2000-01.

This bill also prohibits reimbursement under the Personal Property Tax Reform or Business Equipment Tax Reimbursement (BETR) program for digital broadcast purchases qualifying for this sales tax exemption. The BETR program will realize savings beginning in fiscal year 2000-01. The amount of the savings in fiscal year 2000-01 may be as much as \$100,000. Public Law 1999, chapter 16, and the Governor's proposed "Part II" budget do not provide full funding for the estimated costs of the BETR program in fiscal year 2000-01. This bill may reduce future requests for General Fund appropriations to fund the estimated shortfall in this program in fiscal year 2000-01. Estimated savings to this program in future years may grow to more than \$500,000 annually by fiscal year 2004-05.

The Bureau of Revenue Services will incur some minor additional costs to implement this sales and use tax change and to provide biennial reports to the Legislature. These costs can be absorbed within the bureau's existing budgeted resources.'

SUMMARY

This amendment is the majority report of the Joint Standing Committee on Taxation.

This amendment provides that digital radio and television eligible for a sales tax exemption under the bill is not eligible for reimbursement of business personal property taxes. The

R.S.

COMMITTEE AMENDMENT "A " to S.P. 141, L.D. 377

2 amendment provides that the sales tax exemption is repealed in
2006 or when digital television receivers have reached 85% of the
4 consumer market. The amendment also requires periodic reports
from the State Tax Assessor and adds a fiscal note.