

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1953

H.P. 1353

House of Representatives, March 18, 1999

An Act to Fully Fund Primary and Secondary Education in the State.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative VOLENIK of Brooklin.

Cosponsored by Representatives: BAGLEY of Machias, CHIZMAR of Lisbon, DUDLEY of Portland, GAGNE of Buckfield, LORING of the Penobscot Nation, PIEH of Bremen, QUINT of Portland.

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

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PART A

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Sec. A-1. 36 MRSA §1752, sub-§11, ¶B, as repealed and replaced by PL 1995, c. 281, §12 and affected by §42, is repealed.

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Sec. A-2. 36 MRSA §1752, sub-§14, ¶B, as amended by PL 1989, c. 871, §6, is further amended to read:

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B. "Sale price" does not include:

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(1) Discounts allowed and taken on sales;

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(2) Allowances in cash or by credit made upon the return of merchandise or with respect to fabrication services pursuant to warranty;

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(3) The price of property returned or fabrication services rejected by customers, when the full price is refunded either in cash or by credit;

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~~(4) The price received for labor or services used in installing or applying or repairing the property sold or fabricated, if separately charged or stated;~~

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~~(5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically stated service charge, when that amount is to be disbursed by a hotel, motel, restaurant or other eating establishment to its employees as wages;~~

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(6) The amount of any tax imposed by the United States on or with respect to retail sales, whether imposed upon the retailer or the consumer, except any manufacturers', importers', alcohol or tobacco excise tax;

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(7) The cost of transportation from the retailer's place of business or other point from which shipment is made directly to the purchaser, provided that those charges are separately stated and the transportation occurs by means of common carrier, contract carrier or the United States mail;

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(8) The fee imposed by Title 10, section 1169, subsection 11;

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(9) The fee imposed by section 4832, subsection 1; or

2 (10) The lead-acid battery deposit imposed by Title
38, section 1604, subsection 2-B.

4 **Sec. A-3. 36 MRSA §1752, sub-§18-A**, as amended by PL 1997, c.
668, §22, is further amended to read:

6 **18-A. Telephone or telegraph service.** "Telephone or
8 telegraph service" means all telecommunications or telegraph
10 service, including installation or use of telecommunication or
telegraphic equipment, but not including telecommunications or
12 telegraph service originating or terminating outside this State.
"Telecommunications or telegraphic equipment" means any 2-way
14 interactive communications device, system or process for
transmitting or receiving signals and capable of exchanging
16 audio, database or textual information. ~~"Telecommunications
service" does not include access services provided by a local
exchange carrier to an interstate or intrastate interexchange
18 carrier. "Telephone or telegraph service" does not include
directory advertising service.~~ This subsection applies to leases
20 entered into prior to October 1, 1996.

22 **Sec. A-4. 36 MRSA §1752, sub-§18-B**, as amended by PL 1997, c.
668, §23, is further amended to read:

24 **18-B. Telephone or telegraph service.** "Telephone or
26 telegraph service" means all telecommunications or telegraph
service, including installation of telecommunication or
28 telegraphic equipment, but not including telecommunications or
telegraph service originating or terminating outside this State.
30 "Telecommunications and telegraph equipment" means any 2-way
interactive communications device, system or process for
32 transmitting or receiving signals and capable of exchanging
audio, database or textual information. ~~"Telecommunications and
34 telegraph equipment" does not include computers, except those
components of a computer used primarily and directly as a 2-way
36 interactive communications device capable of exchanging audio,
database or textual information. "Telephone or telegraph
38 service" does not include directory advertising service.~~ This
subsection applies to leases entered into on or after October 1,
40 1996.

42 **Sec. A-5. 36 MRSA §1760**, as amended by PL 1997, c. 791, Pt.
A, §2, is repealed.

44 **Sec. A-6. 36 MRSA §1765**, as amended by PL 1997, c. 133, §§3
and 4, is repealed.

46 **Sec. A-7. 36 MRSA §1811-A**, as amended by PL 1981, c. 706,
48 §22, is repealed.

2 December 1, 1999, the Department of Education shall submit the
legislation necessary to implement this Part to the Legislature.

4 **PART C**

6 **Sec. C-1. Sales tax and use tax reduction.** Any revenues that
8 result from the repeal of the sales and use tax exemptions in
Part A that are not necessary for the funding of primary and
10 secondary education in Part B must be used to reduce the sales
tax and use tax rates. The Governor shall submit legislation to
12 the Second Regular Session of the 119th Legislature to implement
the rate changes.

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SUMMARY

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18 Part A of this bill repeals all the sales and use tax
exemptions.

20 Part B of the bill, using additional revenue available by
the repeal of the exemptions in Part A, provides additional state
22 funding for primary and secondary education and a new method to
distribute this total school subsidy amount. Part B also
24 requires the Department of Education to submit the legislation
necessary to implement the proposed new subsidy distribution to
26 the next session of the Legislature.

28 Part C of this bill requires that the revenue from the
repeal of sales and use tax exemptions that is not required for
30 education funding must be used to reduce the sales and use tax
rates.