

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 966

H.P. 723

House of Representatives, February 25, 2003

An Act To Encourage the Payment of Delinquent Taxes

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MILLETT of Waterford.
Cosponsored by Senator ROTUNDO of Androscoggin and
Representative: O'BRIEN of Augusta, Senator: TURNER of Cumberland.

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

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Sec. 1. 36 MRSA c. 913-A is enacted to read:

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CHAPTER 913-A

8

TAX AMNESTY

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§6561. Maine Tax Amnesty Program

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There is established the Maine Tax Amnesty Program, referred to in this chapter as "the program." This program is intended to encourage delinquent taxpayers to comply with the State's tax laws to enable the assessor to identify and collect previously unreported taxes or accelerate collection of certain delinquent tax liabilities. The long-term goal of this program is to improve taxpayer compliance with the State's tax laws.

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§6562. Administration

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The assessor shall administer the program. The program applies to tax liabilities delinquent as of April 15, 2003, including tax on returns not filed, tax liabilities according to the records of the bureau as of April 15, 2003 and tax liabilities not reported or established but delinquent as of April 15, 2003. A taxpayer may participate in the program whether or not the taxpayer is under audit and without regard to whether the amount due is subject to a pending administrative or judicial proceeding, except that this does not include pending criminal action. A taxpayer may participate in the program to the extent of the uncontested portion of an assessed liability. Participation in the program is conditioned upon the taxpayer's agreement that the right to protest or pursue an administrative or judicial proceeding with regard to returns filed under the program or to claim any refund of money paid under the program is barred. Notwithstanding sections 184, 184-A, 186 and 187-B, a taxpayer with a tax liability within the limitations of this chapter is absolved from criminal or civil prosecution or civil penalties arising from that liability and from 1/2 of the interest associated with any such liability if the taxpayer:

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1. Return filed. Properly completes and files an amnesty tax return as required by the assessor;

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2. Tax and interest paid. Pays all tax and interest as determined on the amnesty tax return before the end of the amnesty period or enters into a payment plan approved by the assessor;

2 3. No criminal action pending. Is not currently charged
3 with or under active investigation for a criminal offense arising
4 from a violation of the state tax laws as provided in this Title
5 or Title 17-A; and

6 4. Illegal activities. Is not reporting taxes arising from
7 illegal activities.

10 **§6563. Exemption; leased vehicles in interstate commerce**

12 Notwithstanding section 6563, a taxpayer participating in
13 the program due to a tax liability arising from the use in the
14 State of a vehicle that fails or failed to qualify for the
15 exemption under section 1760, subsection 41 because the vehicle
16 is leased is absolved from criminal or civil prosecution or civil
17 penalties and from all of the interest associated with any such
18 liability.

20 **§6564. Undisclosed liabilities**

22 This chapter may not be construed to prohibit the assessor
23 from instituting civil or criminal proceedings against any
24 taxpayer with respect to any amount of tax that is not disclosed
25 on the amnesty tax return.

26 **§6565. Amnesty period**

28 The time period during which an amnesty tax return may be
29 filed is November 1, 2003 to December 31, 2003.

32 **§6566. Amnesty tax return**

34 The assessor shall prepare and make available the amnesty
35 tax return. The return and associated guidelines prepared by the
36 assessor, which govern participation in the program, are exempt
37 from the Maine Administrative Procedure Act. The application
38 requires the approval of the assessor. The assessor may deny any
39 application not consistent with the program.

40 **§6567. Payment plan**

42 The assessor may enter into an installment agreement in
43 cases of severe hardship in lieu of the complete payment of all
44 taxes and interest as determined on the amnesty tax return. In
45 such cases, 25% of the total liability must be paid with the
46 return and the balance must be paid in not more than 6 monthly
47 installments. Failure of the taxpayer to make the agreed
48 payments in a timely fashion voids the application of the program
49 to that taxpayer. All such agreements and payments must include
50 interest at the rate of 12% per annum on the tax outstanding.

2 **§6568. Amnesty receipts**

4 Notwithstanding any other provision of law, funds obtained
6 through the program established by this chapter accrue in their
entirety directly to the General Fund.

8 **§6569. Repeal**

10 This chapter is repealed January 1, 2007.

12 **Sec. 2. Amnesty report.** The State Tax Assessor shall analyze
and report on the effectiveness of the Maine Tax Amnesty Program
14 established by the Maine Revised Statutes, Title 36, chapter
913-A. This report must include at least the following
16 information:

18 1. The number of taxpayers who participated in the Maine
Tax Amnesty Program;

20 2. The amount of money generated by the program;

22 3. The amnesty-related expenses of the Department of
24 Administrative and Financial Services, Bureau of Revenue Services
for 6 months before the amnesty period, during the amnesty period
26 and immediately following the amnesty period until June 30, 2004;

28 4. The effectiveness in collecting tax receivables during
the period January 1, 2004, to December 1, 2004;

30 5. Recommendations for changes, improvements or additions
32 to tax compliance enforcement procedures; and

34 6. Any other information the assessor chooses to include.

36 This report must be presented to the joint standing
committee of the Legislature having jurisdiction over taxation
38 matters during the First Regular Session of the 122nd Legislature
by February 1, 2005. The committee shall review the report and
40 submit its own report, together with any necessary implementing
legislation, recommending continuation or changes in enforcement
42 procedures. This report must be made to the Second Regular
Session of the 122nd Legislature by December 1, 2005.

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SUMMARY

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This bill establishes the Maine Tax Amnesty Program. The
program is intended to encourage delinquent taxpayers, those that
are delinquent in paying taxes due on or before April 15, 2003,

2 to comply with the law. Incentives provided to encourage
3 compliance are a waiver of criminal or civil prosecution and
4 civil penalties, plus a 50% reduction of the interest owed. All
5 funds obtained through the operation of this program go directly
6 to the General Fund.

7 This bill is modeled on a similar program that was in effect
8 in 1990.