

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
ONE HUNDRED AND TWELFTH LEGISLATURE  
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON  
TAXATION  
BILL SUMMARY



JULY, 1985

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ONE HUNDRED AND TWELFTH LEGISLATURE  
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE  
BILL SUMMARIES  
JULY 1985

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees of the Maine Legislature, covering the First Regular Session of the 112th Legislature. The summaries are arranged by LD number and indexed separately by committee.

LD: 1196 AN ACT TO AMEND THE DEFINITION OF INCOME  
UNDER THE ELDERLY HOUSEHOLDERS TAX AND RENT  
REFUND ACT AND THE ELDERLY LOW COST DRUG  
PROGRAM

MURRAY  
CASHMAN  
CONNOLLY  
NADEAU G G

ONTP — HOUSE Accepted Committee Report  
SENATE Accepted Committee Report  
GOV

SUMMARY:

Permits persons to deduct the fair market value of purchased drugs which would be covered under the Elderly Low Cost Drug Program when determining eligibility for benefits under that program and under the Elderly Tax and Rent Refund Program.

LD: 1220 AN ACT PROVIDING FOR ADMINISTRATIVE CHANGES  
IN MAINE TAX LAW

HIGGINS H  
JACKSON  
ALIBERTI  
TWITCHELL

OTP-AM HOUSE Enacted  
SENATE Enacted  
GOV HELD

H-470 CA H S

SUMMARY:

This bill has been held by the Governor because of concerns over the provision of the bill repealing the penalty for failure to file a tax return.

Section 1 includes taxable entities as defined in the recently enacted bank franchise tax law in the definition of person to insure applicability of the uniform administrative provisions.

Section 2 repeals the penalty for failure to file State income tax returns. This changes Maine law to conform to federal tax law which does not impose a penalty for persons who file their tax return late and who are owed a refund. Persons who file late and owe a tax would still be subject to a penalty for failure to pay the tax when due.

Section 3 clarifies the applicability of tree growth values for 1985.

Section 4 remedies a problem created by repeal of the Forest Land Valuation Advisory Council. Both the landowner member and the municipal officer of the Forest Land Valuation Advisory Council also served as members of the Land Classification Appeals Board.

Sections 5 and 6 correct a conflict between substantially different provisions enacted by Public Laws 1983, which all had the same subsection number.

Section 6 also addresses a recent change in the activities of community action agencies. Community action agencies are expanding their services to include commercial contracting services. This bill limits their sales tax exemption to purchases which are intended for use in noncommercial activities.

Section 7 protects the State from loss of sales tax revenue when a taxpayer, other than a retailer, ceases business.

Section 8 updates a reference to the Internal Revenue Code in the mining excise tax.

Sections 9, 10 and 11 correct a reference to chapter 463 which was repealed and replaced by chapter 463-A.

Sections 12 and 13 update references to the Internal Revenue Code in the estate tax.

Section 14 clarifies that all cigarettes sold on or after October 1, 1985, are subject to the scheduled increase effective on that date including those held in inventory by retailers and distributors.

Section 15 provides that real estate transfer tax declaration of value forms shall contain taxpayer identification numbers.

Sections 16 and 17 update the income tax tables and standard deduction to account for the effects of indexing.

Sections 18, 19 and 20 update requirements of the jobs and investment tax credit.

Sections 21 through 25 insure that taxable entities as defined in the bank franchise tax are subject to the same requirements for filing, combined reporting and estimate tax paying as are other corporations.

Sections 26 to 31 increase the scope of the state income tax withholding system to approximate the federal withholding system. Presently, the State's withholding is limited to wages and certain payments to nonresident aliens.

Federal withholding has been expanded to encompass taxable payments from pensions, annuities and certain deferred income, backup withholding on certain interest and dividend payments and certain gambling winnings. This bill subjects these items to the state withholding also.

If the item of income is subject to flat rate federal withholding, it would be subject to a 5% state withholding. Similarly, if federal withholding on the item of income is based on an estimate of taxable income, the state approach is based on estimated taxable income.

Withholding only applies to items of income which are subject to the state income tax.

Section 32 requires the Department of Finance and Administration to issue a rule relating to the sales tax as applied to meals served in the wild by licensed guides or outfitters.

LD: 1243 AN ACT CONCERNING TAX ASSESSORS AND ASSESSMENTS RACINE TARDY

LU-WD HOUSE Accepted Committee Report  
SENATE Accepted Committee Report  
GOV

SUMMARY:

Provinces that for purposes of property tax assessment, local assessors may not increase the value of the property solely because of repairs which do not increase the just value of the property.

LD: 1244 AN ACT CONCERNING REGISTRATION AND EXCISE TAX ON RECREATIONAL VEHICLES SIMPSON

ONTP HOUSE Accepted Committee Report  
SENATE Accepted Committee Report  
GOV

SUMMARY:

Provides a cap on motor vehicle excise taxes of \$600.

LD: 1266 AN ACT TO REQUIRE THAT ALL CHECKS ISSUED TO RECIPIENT OF STATE AID TO PAY LOCAL REAL ESTATE TAXES BE ISSUED JOINTLY IN THE NAME OF THE MUNICIPALITY AND THE NAME OF THE SEWALL

ONTP HOUSE Accepted Committee Report  
SENATE Accepted Committee Report  
GOV

SUMMARY:

Requires elderly tax and rent refund checks to be issued in name of recipient and municipality.