

MAINE STATE LEGISLATURE

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STATE OF MAINE
ONE HUNDRED AND TWELFTH LEGISLATURE
SECOND REGULAR SESSION

JOINT STANDING COMMITTEE ON
TAXATION
BILL SUMMARY



MAY 1986

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ONE HUNDRED AND TWELFTH LEGISLATURE
SECOND REGULAR SESSION

JOINT STANDING COMMITTEE
BILL SUMMARIES
MAY 1986

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

All Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor if it is a floor amendment or the designation "CA" if it is a committee amendment. If the amendment was adopted in the House, the letter H appears after the sponsor. If it was adopted in the Senate, the letter S appears.

Final action for each bill is listed to the right of the title. If final House action and Senate action differ, both are listed.

Key to Committee Reports and Floor Action:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-AM	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

LD
2393

AN ACT TO MAKE CERTAIN REVISIONS IN THE MAINE
TAX LAWS AND APPROPRIATIONS FROM THE GENERAL
FUND

S-ENG.
H-INDEF. PP
EMERGENCY

Sponsor: CASHMAN, Mayo, Twitchell
Committee Report: New draft of LD 2310

SUMMARY: Majority report of the Committee to raise revenues for the University of Maine and other needed programs. The contents of this new draft were enacted by House Amendment to LD 2315, the bill providing an appropriation for the University of Maine. The new draft contained the following provisions:

1. Fabrication services. Extended the sales tax to cover fabrication, processing and production labor when persons supply the materials used in the fabrication, production or processing. It includes the production of custom computer software.
2. Lodgings. Increases the sales tax on lodgings to 7%.
3. Bank franchise tax. Clarifies and doubles the bank franchise tax.
4. Enforcement. Provides four new positions to the Bureau of Taxation for increased tax enforcement.
5. Fuel savings. Deappropriates \$500,000 from previous appropriations which is no longer necessary due to declining fuel prices.
6. Takeout food. Expands application of sales tax to takeout food by including products sold from a retail location which is considered a restaurant and certain prepared foods ready for consumption regardless of where they are sold.
7. Insurance premium tax. Increases rate on domestic insurers to 2% to equal tax on foreign insurers. See also LDs 2101 and 1971.
8. Inheritance tax. Requires efficient settlement of inheritance taxes.
9. Nonresident income taxes. Changes the formula for calculation of income taxes paid by nonresidents.
10. Telephone access charges. Imposes 5% sales tax on the sale of access services provided by a local exchange carrier to an interstate or intrastate interexchange carrier.

11. Tobacco products tax. Imposes an excise tax on tobacco products, other than cigarettes, in the amount of 25% of the wholesale price. The enacted version of this tax was amended to provide for a tax of 45% of the wholesale price on smokeless tobacco and 12% of the wholesale price on tobacco products intended for smoking.

LD AN ACT TO MAKE CHANGES IN THE MAINE TAX LAWS H-INDEF. PP
2394 AND TO PROVIDE FOR APPROPRIATIONS FROM THE EMERGENCY
 GENERAL FUND

Sponsor: CASHMAN, Mayo, Twitchell
Committee Report: New draft of LD 2310

SUMMARY: Minority new draft of LD 2310. It contained the following provisions:

1. Enforcement. Provides four new positions to the Bureau of Taxation for increased tax enforcement.

2. Fuel savings. Deappropriates \$500,000 from previous appropriations which is no longer necessary due to declining fuel prices.

3. Takeout food. Expands application of sales tax to takeout food by including products sold from a retail location which is considered a restaurant and certain prepared foods ready for consumption regardless of where they are sold.

4. Insurance premium tax. Increases rate on domestic insurers to 2% to equal tax on foreign insurers. See also LDs 2101 and 1971.

5. Inheritance tax. Requires efficient settlement of inheritance taxes.

6. Nonresident income taxes. Changes the formula for calculation of income taxes paid by nonresidents.

7. Tobacco products tax. Imposes an excise tax on tobacco products, other than cigarettes, in the amount of 25% of the wholesale price.

8. Corporate income tax. Increases the top two brackets of the corporate income tax from 8.33% to 9.4% and from 8.93% to 10.08%.

9. HOME cap. Places a cap on revenues dedicated to the HOME program of \$2,300,000 for FY 1985-86 and \$2,100,000 for FY 1986-87.