

MAINE STATE LEGISLATURE

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STATE OF MAINE
118TH LEGISLATURE

SECOND REGULAR SESSION
AND
SECOND SPECIAL SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
TAXATION

MAY 1998

MEMBERS:

Sen. Richard P. Ruhlin, Chair

Sen. Beverly C. Daggett

Sen. S. Peter Mills

Rep. Verdi L. Tripp, Chair

Rep. John L. Tuttle, Jr.

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Rep. John T. Buck

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Staff:

Julie S. Jones, Legislative Analyst

Office of Fiscal and Program Review

Room 225, 5 State House Station

Augusta, ME 04333

(207)287-1635



Maine State Legislature
OFFICE OF POLICY AND LEGAL ANALYSIS

13 State House Station, Augusta, Maine 04333-0013
 Telephone: (207) 287-1670
 Fax: (207) 287-1275

ONE HUNDRED EIGHTEENTH LEGISLATURE
SECOND REGULAR AND SECOND SPECIAL SESSIONS

Summary Of Legislation Before The Joint Standing Committees
May 1998

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CON RES XXX*..... Chapter # of Constitutional Resolution passed by both Houses
- CONF CMTE UNABLE TO AGREE*.....Committee of Conference unable to agree; bill died
- DIED BETWEEN BODIES*.....House & Senate disagree; bill died
- DIED IN CONCURRENCE*.....One body accepts ONTP report; the other indefinitely postpones the bill
- DIED ON ADJOURNMENT*.....Action incomplete when session ended; bill died
- EMERGENCY*.....Enacted law takes effect sooner than 90 days
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE*.....Emergency bill failed to get 2/3 vote
- FAILED ENACTMENT/FINAL PASSAGE*.....Bill failed to get majority vote
- FAILED MANDATE ENACTMENT*.....Bill imposing local mandate failed to get 2/3 vote
- INDEF PP*.....Bill Indefinitely Postponed
- ONTP*..... Ought Not To Pass report accepted
- OTP ND*..... Committee report Ought To Pass In New Draft
- OTP ND/NT*..... Committee report Ought To Pass In New Draft/New Title
- P&S XXX*..... Chapter # of enacted Private & Special Law
- PUBLIC XXX*..... Chapter # of enacted Public Law
- RESOLVE XXX*..... Chapter # of finally passed Resolve
- UNSIGNED*.....Bill held by Governor
- VETO SUSTAINED*.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CAREY	ONTP	

LD 1927 would have provided that a facility may qualify for exemption from sales and property tax as a pollution control facility even if it is used as part of an industrial production process or replaces existing equipment. The bill would also have provided that the taxpayer's intent regarding the primary purpose of the equipment is a determining factor rather than the primary use of the equipment.

LD 1931

An Act to Create Incentives for Employers to Contribute toward the Costs of Comprehensive Health Insurance for Families

PUBLIC 775

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LONGLEY WINGLASS	OTP-AM	S-521 S-762 MICHAUD

LD 1931 proposed an income tax credit to businesses that are employing units with 50 or fewer employees that provide health insurance coverage for employees. The credit would be equal to the portion of the cost of the coverage that exceeds 7.5% of gross payroll up to a maximum of \$5,000. The bill proposed a tax credit to taxpayers equal to 20% of the cost of their own health insurance coverage for preventive care. The bill also proposed to exempt from the definition of income under the Maine Residents Property Tax Program, the "circuit breaker" program, an amount equal to the premium paid for health insurance coverage that includes coverage for preventive care.

Committee Amendment "A" (S-521) replaced the original bill. The amendment proposed to establish an income tax credit for eligible employers who provide dependent health care coverage for low-income employees. An employer would be eligible if the employer maintained a health benefit plan available to low-income employees who work specified hours and the employer paid at least 80% of the cost of employee benefits and at least 60% of dependent benefits. The credit would be equal to 20% of the cost of dependent health benefits and could not exceed 50% of the income tax otherwise owed.

Senate Amendment "A" to Committee Amendment "A" (S-688) (not adopted) would have limited the credit for dependent health benefits paid under a health benefit plan to employers with fewer than 5 low-income employees. The amendment would have provided that a taxpayer who received the credit in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5. The amendment also would have provided that the credit equals the lesser of 20% of dependent health benefits paid under a health benefit plan during the taxable year for which the credit is allowed or \$125 per employee. The amendment would specify that the credit applies in tax years beginning on or after January 1, 1999.

Senate Amendment "B" to Committee Amendment "A" (S-689) (not adopted) is the same as Senate Amendment "A" (S-688) except that it would have provided that the credit applies to tax years beginning on or after January 1, 1999 and to benefits paid after July 1, 1999.

Senate Amendment "C" to Committee Amendment "A" (S-719) (not adopted) is the same as Senate Amendment "A" (S-688) except that it also would have made changes to clarify the meaning of "actuarial value" and to require the taxpayer to submit supporting documentation.

Senate Amendment "D" to Committee Amendment "A" (S-762) is the same as Senate Amendment "C" (S-719) except for the fiscal note.

Enacted law summary

Public Law 1997, chapter 762 establishes an income tax credit for eligible employers who provide dependent health care coverage for low-income employees. An employer with fewer than 5 low-income employees is eligible if the employer maintains a health benefit plan available to low-income employees who work specified hours and the employer paid at least 80% of the cost of employee benefits and at least 60% of dependent benefits. A taxpayer who received the credit in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5. The credit is equal to the lesser of 20% of the cost of dependent health benefits or \$125 per employee and may not exceed 50% of the income tax otherwise owed. The credit applies to tax years beginning on or after January 1, 1999.

LD 1933 **Resolve, Authorizing the State Tax Assessor to Convey the Interest of the State in Certain Real Estate in the Unorganized Territory** **RESOLVE 91**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN GREEN	OTP-AM	S-467

LD 1933 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

Committee Amendment "A" (S-467) makes numerous technical changes and adds a fiscal note.

Enacted law summary

Resolve 1997, chapter 91 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

LD 1945 **An Act to Minimize State Revenue Loss Due to Ineffective Health Coverage** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL J	ONTP	

LD 1945 proposed to create an income tax credit for an employer that pays at least 60% of the costs of coverage of an employee health insurance plan that meets the minimum requirements for small group health plans. The tax credit would be equal to \$5,000; 20% of the costs of providing the required plan; or \$100 for each covered employee, whichever is lowest.

LD 1959 **An Act to Expand Eligibility for the Elderly Low Cost Drug Program** **ONTP**