

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.
Rep. Bonnie Green
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Rep. John T. Buck
Rep. Peter E. Cianchette

Staff:

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**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> DAGGETT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1959 proposed to change income eligibility for the Elderly Low Cost Drug Program to provide that an individual is eligible if that person's family income is below 150% of the nonfarm poverty income level.

LD 1963 **An Act to Require the Bureau of Revenue Services to Report on the Incidence of Tax Burdens to Business Sectors of the State's Economy and to Income Classes of Citizens** **PUBLIC 744**

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-486
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LD 1963 proposed to require the Bureau of Revenue Services to report to the Legislature before each legislative biennium on how the tax structure affects individuals and various segments of the State's economy and to report on the relative burdens among business and industrial segments of the economy. The bill also requires the bureau to prepare an analysis, at the request of the joint standing committee of the Legislature having jurisdiction over taxation matters for legislation with an impact that exceeds \$20,000,000.

Committee Amendment "A" (S-486) changed the date of the first revenue incidence report to July 1, 1999 and would require the Bureau of Revenue Services, when determining the incidence of taxes, to subtract the amount of taxes returned directly to taxpayers through tax relief programs from the amount of revenues collected. The amendment also adds a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 744 requires the Bureau of Revenue Services to report to the Legislature by July 1, 1999 and before each legislative biennium thereafter on how the tax structure affects individuals and various segments of the State's economy and to report on the relative burdens among business and industrial segments of the economy. When determining the incidence of taxes, the bureau must subtract from revenue collected the amount of taxes returned to taxpayers. The bill also requires the bureau to prepare an analysis, at the request of the joint standing committee of the Legislature having jurisdiction over taxation matters for legislation with an impact that exceeds \$20,000,000.

LD 1980 **An Act Relating to the Taxation of the Sale of Hay** **PUBLIC 725**

<u>Sponsor(s)</u> CAMERON	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-839
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LD 1980 proposed to require that sales of agricultural products to a person raising and keeping equines are exempt from the sales tax only if the purchaser produces a certificate from the State Tax Assessor that the purchaser is engaged in raising equines. Sales of hay and bedding would be exempt only if a certificate was produced that the purchaser raises and keeps farm animals.

Committee Amendment "A" (H-839) replaced the bill. It would provide that all sales of hay are exempt from sales tax. The amendment also changed the title of the bill and added a fiscal note.

Enacted law summary

Public Law 1997, chapter 725 provides that all sales of hay are exempt from sales tax.

LD 2009 **An Act to Prohibit the Taxing of Retirees' Pensions** **ONTP**

<u>Sponsor(s)</u> HARRIMAN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2009 proposed to encourage retired people to move to Maine by providing an income tax deduction for pension income from employment outside the State.

LD 2010 **An Act Regarding the State Valuation of the Town of Orono** **ONTP**

<u>Sponsor(s)</u> CATHCART STEVENS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2010 proposed to adjust the state valuation of the Town of Orono for 1997 and 1998 when the closing of the Striar Textile Mill and the Bangor Hydro-Electric Company's hydroelectric generating facility are not reflected in the state valuation as a result of the lag in determination of the state valuation.

See related bill LD 2192.

LD 2019 **An Act to Exempt the Lessee Who Purchases a Vehicle from Further Sales Tax on That Vehicle** **ONTP**

<u>Sponsor(s)</u> ABROMSON THOMPSON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2019 proposed to exempt from sales tax the purchase of a leased vehicle by the lessee of that vehicle, but only if the lessee paid the sales tax on the value of the lease, and only up to a maximum of the amount paid on the value of the lease. The bill was intended to avoid the potential for perceived "double taxation" of the purchase of vehicles leased before January 1, 1995 when the sales tax treatment of leased vehicles was changed. The bill was based on a misinterpretation of pre-1995 sales tax treatment of motor vehicle leases.

LD 2035 **An Act Regarding the State Valuation of the Town of Ashland** **ONTP**