

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. 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.

See related bill, LD 2088, under the jurisdiction of the Joint Standing Committee on Business and Economic Development.

LD 2215 **An Act to Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 1998-99** **P & S 70 EMERGENCY**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 2215 would establish the municipal cost components for “municipal” services to be provided by the State or by counties in the unorganized territory in fiscal year 1998-99. This bill provides the basis for calculation of the property tax rate in the unorganized territory.

Enacted law summary

Private and Special Law 1997, chapter 70 establishes the municipal cost components for “municipal” services to be provided by the State or by counties in the unorganized territory in fiscal year 1998-99. This bill provides the basis for calculation of the property tax rate in the unorganized territory. This bill was enacted as an emergency measure with an effective date of March 26, 1998.

LD 2216 **An Act to Implement the Recommendations of the Commission to Study the Restructuring of the State's Fiscal Policies to Promote the Development of High-technology Industry in Maine** **PUBLIC 784**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-911 S-738 MICHAUD
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LD 2216 proposed to implement the recommendations of the Commission to Study the Restructuring of the State's Fiscal Policies to Promote the Development of High-technology Industry in Maine established by Public Law 1997, chapter 557, Part C. It proposed a review of science and technology Ph.D. programs within the University of Maine System, a review of financial aid programs for students in high-technology programs, an analysis of the availability of capital for high-technology businesses, an analysis of tax incentives for high-technology businesses, the development of a marketing plan for the State and the establishment of a high-technology business clearinghouse. The Legislative Council approved an extension of the reporting deadline, and the bill proposes to extend the deadline accordingly.

Committee Amendment "A" (H-911) amendment would clarify and modify the obligations of agencies in reports to the Legislature required by the original bill. It delays the submission date for the analysis of tax incentives and a marketing plan, provides an appropriation to cover the cost of analysis of tax incentives and adds a fiscal note.

Senate Amendment "A" to Committee Amendment "A" (S-738) would strike the appropriation section from Committee Amendment "A" and require that the tax incentive analysis be conducted within existing resources.

Enacted law summary

Public Laws 1997, chapter 784 implements the recommendations of the Commission to Study the Restructuring of the State's Fiscal Policies to Promote the Development of High-technology Industry in Maine established by Public Law 1997, chapter 557, Part C. It requires a review of science and technology programs, including Ph.D. programs within the University of Maine System, a review of financial aid programs for students in high-technology programs, an analysis of the availability of capital for high-technology businesses, an analysis of tax incentives for high-technology businesses, the development of a marketing plan for the State and the establishment of a high-technology business clearinghouse.

LD 2219

An Act to Reduce Income and Property Taxes

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRIPP	OTP-AM MAJ	
RUHLIN	OTP-AM MIN	

LD 2219 would have provided that the personal exemption amount for Maine's individual income tax is increased to \$2,400 for tax years beginning on or after January 1, 1998 and to \$2,750 for tax years beginning on or after January 1, 1999. The bill also would create a homestead property tax rebate program for Maine residents to be administered by the State. Under the rebate program Maine residents who owned a homestead during the entire prior calendar year would be eligible for a payment equal to \$7,500 multiplied by the equalized property tax rate for the municipality where the homestead is located.

This bill, with modifications, was incorporated into the budget bill (LD 1950), Public Laws 1997, chapter 643, Part HHH.

Committee Amendment "A" (H-876) (majority report) would have removed those provisions of the original bill providing for a homestead property tax rebate program administered by the State and replaced it with a Maine resident homestead property tax exemption administered by municipalities. The value of the homestead exemption (\$7,500) would have been equalized for each municipality and applied by the municipality to each homestead to reduce the amount of the property tax bill. The amendment would have required state reimbursement to municipalities for property taxes lost as a result of the exemption and 90% reimbursement for state-mandated administrative costs. The amendment would have required municipal property tax bills to identify the amount of the exemption and the amount by which property taxes are reduced as a result of state reimbursement for the homestead exemption. The amendment would have also increased benefits for renters under the Maine Residents Property Tax Program by increasing the percentage of rent constituting property taxes from 15% to 19% of rent paid. The amendment would have added an appropriation and a fiscal note.

Committee Amendment "B" (H-877) (minority report) would have removed the portions of the bill providing for a homestead property tax rebate program and provide for additional state-municipal revenue sharing directed at municipalities with a high local tax burden. The additional revenue sharing would have been funded by directing an additional 2% of state sales and income taxes to a fund set up for this purpose. The funds would have been apportioned among municipalities based upon their local property tax burden that exceeds 10 mills. The amendment also would have reduced the sales tax on automobiles from 6% to 5% and provided a sales tax exemption for the first \$2,000 of the sales price of an automobile. The amendment also would have added a fiscal note to the bill.