

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
119TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
TAXATION

AUGUST 1999

*Staff:*

*Julie S. Jones, Legislative Analyst*

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**MEMBERS:**

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Sen. Beverly C. Daggett  
Sen. S. Peter Mills*

*Rep. Kenneth T. Gagnon, Chair  
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Rep. Peter E. Cianchette*



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**MEMORANDUM**

To: Members, Joint Standing Committee on Taxation

From: Julie S. Jones, Legislative Analyst

Date: August, 1999

Re: Bill Summaries, 119th Legislature, 1st Regular Session

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the Joint Standing Committee on Taxation during the 1st Regular Session of the 119th Legislature. The summary describes each bill or order and relevant amendments as well as the final action. Also included is a statistical summary of bill activity by the committee. Please note the effective date for all non-emergency legislation enacted in the 1st Regular Session (unless a later date is specified in a particular law) is September 18, 1999. Joint orders are effective when passed.

The document is organized for convenient reference to information on bills handled by the committee this session. It is organized by bill (LD) number and two indices are located at the back of the document that group bills by subject and by LD number. 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:

- CARRIED OVER .....Bill carried over to Second Regular Session*
- 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*
- NOT PROPERLY BEFORE THE BODY ..... Ruled out of order by the presiding officers; bill died*
- 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*
- READ AND PASSED ..... Joint Order passed by the House and Senate*
- PASSED AS AMENDED ..... Joint Order passed as amended by the House and Senate*

A complete summary of bills for all committees will be available in the very near future. Copies will be on file in the Law and Legislative Reference Library and Senate and House offices. You will also soon be able to access these bill summaries from our website.

I hope you find this information useful. If you have any questions or suggestions, please do not hesitate to contact this office.

Best wishes for an enjoyable summer.

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KIEFFER O'NEAL	ONTP	

LD 128 proposed to exempt from the sales tax sales to nonprofit organizations whose primary purpose is to educate women with unwanted pregnancies as to the life-saving alternatives available to those women.

**LD 146                      An Act to Exempt Pension and Retirement Benefits from the Maine Income Tax                      DIED BETWEEN BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN AMERO	ONTP      MAJ OTP-AM    MIN	

LD 146 proposed to exempt pension and retirement benefits over \$25,000 for individuals and \$44,000 for couples filing jointly from Maine income tax beginning January 1, 2000.

**LD 161                      An Act to Establish a Tax Credit for Day Care Facilities for Expenditures Required to Comply with the Lead Poisoning Control Act                      INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COLWELL GOLDTHWAIT	OTP-AM	

LD 161 proposed to establish a revolving loan fund administered by the Maine State Housing Authority for certain preschool facilities that are required to incur lead abatement expenses. The bill also proposed an income tax credit of up to \$1,000 for certain preschool facilities that incur expenditures for mandatory lead abatement.

**Committee Amendment "A" (H-202)** This amendment proposed to strike the provisions of the bill providing for a revolving loan program. The amendment established a definition for an "eligible facility" and clarified that the credit is a one-time credit and may not reduce tax liability below zero

**LD 162                      An Act to Make Minor Substantive Changes in the Tax Laws                      PUBLIC 521**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON HARRIMAN	OTP-AM	H-695 S-419    MICHAUD

LD 162 proposed to make minor substantive changes to various laws concerning taxation. The following changes were proposed:

<u>Section</u>	<u>Proposed change</u>
A-1	Expands eligibility for a refund or credit of taxes
A-2	Eliminates penalty for failure to file if the tax due is \$25 or less

Closes a loophole in the penalty for failure to file in situations where a “demand to file” notice is sent.

- A-3 Extends penalty for “failure to pay” to assessments as well as amounts stated on returns
- A-4, A-6  
A-8 Eliminates the sales tax on sales of printed materials for distribution to customers outside the state
- A-5 Changes the reference to federal law in the sales tax exemption for certain farm credit organizations
- A-7 Changes the treatment under the estate tax of property held in trust
- B-1, B-6,  
B-7 Change the calculation of business-related income tax credits for equipment placed in service in Maine, employment in Maine and research conducted in Maine
- B-2, B-9 Codify minimum taxability thresholds for nonresidents that were previously contained in Rules
- B-3 to B-  
5 Eliminate double taxation on corporations in the case of state tax refunds
- B-8 Provides flow-through income tax credit for beneficiaries of estates and trusts
- B- 10 Changes statute of limitations on filing an income tax refund request to 3 years from the later of when the return was originally filed or when the tax was paid.
- B-11 Provides that Part B changes apply to tax years beginning on or after January 1, 1996.

**Committee Amendment "A" (H-695)** proposed the following changes in the bill:

- A-1 Deleted as unnecessary
- A-5 Deleted as not legally supportable
- New Eliminates requirement of automatic calculation of income tax liability attributable to use tax
- A-7 Clarifies language in original bill relating to application of estate tax to property in trust
- New Provides conformity with federal credits and deductions for long term care costs and insurance

**Senate Amendment "A" to Committee Amendment "A" (S-419)** proposed to add 4 sections to the bill that were inadvertently omitted from the Committee Amendment to L.D. 1277, An Act Concerning Technical Changes to the Tax Laws. These 4 sections would have permitted the Governor to designate a person to approve abatements, clarify that purchases that are exempt from the sales tax must be used primarily in the activity identified by the applicable exemption provision and establish administrative procedures to ensure compliance.

***Enacted law summary***

Public Law 1999, chapter 521 makes the following changes:

- Part A
  - Eliminates the penalty for “failure to file” if the tax due is \$25 or less

- Closes a loophole in penalty for “failure to file” in situations where “demand to file” notice is sent.
  - Extends penalty for “failure to pay” to assessments as well as amounts stated on returns
  - Eliminates the sales tax on sales of printed materials for distribution to customers outside the state
  - Changes the treatment under the estate tax of property held in trust
  - Changes the calculation of business-related income tax credits for equipment placed in service in Maine, employment in Maine and research conducted in Maine
  - Permits the Governor to designate a person to approve abatements
  - Clarifies that purchases that are exempt from sales tax must be used primarily in the activity identified by the applicable exemption provision
- Part B
- Codifies minimum taxability thresholds for nonresidents that were previously contained in Rules
  - Eliminates double taxation on corporations in the case of state tax refunds
  - Provides flow-through income tax credit for beneficiaries of estates and trusts
  - Changes statute of limitations on filing an income tax refund request to 3 years from the later of when the return was originally filed or when the tax was paid.
  - Provides that Part B changes apply to tax years beginning on or after January 1, 1996.
- Part C
- Provides conformity with federal credits and deductions for long term care costs and insurance

**LD 163**

**An Act to Eliminate the Marriage Penalty under the Income Tax Laws**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACK DAVIS P	ONTP	

LD 163 proposed to provide an income tax standard deduction for married persons filing joint returns and surviving spouses that would be twice the amount for persons filing as single individuals or married persons filing separately. The standard deduction for heads of households would be 150% of the amount for single individuals.

**LD 166**

**An Act to Amend the Public Property Tax Exemption**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O’GARA MACK		

LD 166 proposed to exclude certain property of public water districts from exemption from property tax. The property covered includes water treatment plants, water filtration plants, water ozonization plants and the fixtures and property of those plants. The issue addressed in this bill is the subject of a law suit involving the Portland Water District and the Town of Standish.

This bill was carried over to the Second Regular Session.