

MAINE STATE LEGISLATURE

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**STATE OF MAINE
119TH LEGISLATURE**

SECOND REGULAR SESSION

**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
TAXATION**

JULY 2000

Staff:

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TO: Members, Joint Standing Committee on Taxation
 FROM: Julie Jones, Legislative Analyst
 DATE: July, 2000
 RE: **BILL SUMMARIES, 119th LEGISLATURE, 2nd 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 2nd 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 2nd Regular Session (unless a later date is specified in a particular law) is August 11, 2000. 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:

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 amendment 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.

JOINT STANDING COMMITTEE ON TAXATION

LD 103

An Act to Implement the Recommendations of the Commission to Study Poverty Among Working Parents with Regard to State Earned Income Credit

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POVICH DAGGETT	OTP-AM	H-812

LD 103 was carried over from the First Regular Session. The bill proposed to implement the recommendations of the Commission to Study Poverty Among Working Parents by establishing a state earned income tax credit equal to 20% of the federal earned income tax credit for families with income below 100% of the federal poverty level, 15% for families with income from 100% to 133% of the federal poverty level and 10% for families with income from 133% to 185% of the federal poverty level.

Committee Amendment "B" (H-812) proposed a nonrefundable state earned income tax credit equal to 5% of the federal earned income tax credit for tax years beginning on or after January 1, 2000. This provision was added to the Supplemental Budget Bill (LD 2510) and was enacted in Public Law 1999, chapter 731, Part V.

LD 166

An Act to Amend the Public Property Tax Exemption

ONTP

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

LD 166 was carried over from the First Regular Session. The bill proposed to exclude certain property of public water districts from exemption from property tax. The property covered included water treatment plants, water ozonization plants and the property of those plants. The issue addressed in this bill was the subject of a law suit, *Portland Water District v. Town of Standish*, 740 A.2d 564 (1999), in which the Maine Supreme Judicial Court ruled that the property addressed by this bill was exempt from property tax under current law.

LD 297

An Act to Exempt Capital Gains from the Maine Income Tax

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BUCK	OTP-AM	H-890

LD 297 was carried over from the First Regular Session. The bill proposed a state income tax exemption for all income derived from capital gains.

Committee Amendment “A” (H-890) proposed an exemption from individual income tax of up to \$1,500 of net long-term capital gains.

LD 544 An Act to Value Homestead Exemption Farm Land at Current Use ONTP

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

LD 544 was carried over from the First Regular Session. The bill proposed to value agricultural land at its current use value. See also LDs 2426, and 2669. Similar provisions were included in the Supplemental Budget Bill, LD 2510, Public Law 1999, chapter 731, Part Y.

LD 809 An Act to Create a Local Option Sales and Use Tax ONTP

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

LD 809 was carried over from the First Regular Session. The bill proposed to authorize municipalities to adopt a local option 1% sales and use tax. Fifty percent of the revenue would be transferred to the county to reduce county taxes. The remaining 50% would be placed in a special municipal revenue account to be used only for public improvements, economic development or to reduce the property tax commitment.

LD 1064 An Act to Stimulate Job Creation and Investment in Maine by Amending the Income Tax Apportionment Formula INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN CIANCHETTE	OTP-AM MAJ ONTP MIN	S-544

LD 1064 proposed to change the formula for apportionment of income from a business activity that is taxable in this State and in other taxing jurisdictions. The bill proposed to eliminate the property and payroll factors from the formula and base apportionment solely on the proportion of sales by the taxpayer in the State. The bill was carried over from the First Regular Session and the Commission to Study Single-Sales Factor Apportionment was established to study the subject of the bill during the interim.

Committee Amendment “A” (S-544) proposed to permit optional single sales factor apportionment for high-technology taxpayers, pulp and paper taxpayers and mutual fund service providers only.

See also LD 2400.