

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

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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 OVERBill 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.

LD 340 **An Act to Reduce the Property Taxes on Old Business Equipment** **ONTP**

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

LD 340 was a concept draft that proposed to reduce the property tax that is levied on business equipment by basing the tax on the life expectancy of the equipment. The tax would be phased out over a 5-year period by decreasing the amount due by 20% of the original amount each year.

LD 345 **An Act to Amend the Laws Regarding the Taxation of Certain Automotive Parts** **DIED BETWEEN BODIES**

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

LD 345 proposed to permit a sales tax trade-in credit or refund for the amount allowed on a used automotive core traded in when purchasing another automotive core or returned for credit after the purchase.

LD 355 **An Act to Provide Tax Relief to Working Parents and Guardians of Children in Day Care** **ONTP**

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

LD 355 proposed to provide an income tax deduction for the total amount paid for child care during working hours. The deduction would have been an alternative to, but not in addition to, the current child care credit which is equal to 25% of the federally-allowed child care credit.

LD 356 **An Act Relating to the Sales Tax Treatment of Certain Rentals and Leases** **PUBLIC 516**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON CAREY	OTP-AM	H-677

LD 356 proposed to change the sales tax treatment of rentals of audio equipment and furniture so that the rental transaction would be subject to sales tax and the purchase of the equipment or furniture by the rental business would not.

Committee Amendment "A" (H-677) proposed to add a definition of "furniture" and provide that the change in treatment of rentals of furniture and audio tapes or equipment does not apply to rental-purchase agreements entered into before October 1, 1999.

The amendment also proposed to provide that a manufacturer does not lose the benefit of the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The amendment would provide that the exemption also extends to the sale of the machinery or equipment to the bank or leasing company.

Enacted law summary

Public Law 1999, chapter 516 changes the sales tax treatment of rentals of audio equipment and furniture so that the rental transaction is subject to sales tax and the purchase of the equipment or furniture by the rental business is not. It also provides that a manufacturer does not lose the benefit of the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The exemption also extends to the sale of the machinery or equipment to the bank or leasing company.

LD 372 An Act to Roll Back All Sales Tax to 5% ONTP

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

LD 372 proposed to reduce the sales tax to 5% on all taxable items and retain the trigger mechanism providing for 1/2 cent reductions in the sales tax if General Fund revenues exceed those of the previous fiscal year by 8% or more on a base-to-base comparison.

LD 377 An Act to Facilitate Compliance with the Federal Communications Act of 1996 INDEF PP

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

LD 377 proposed to exempt from sales and use tax the initial purchase of equipment needed for digital over-the-air broadcasting. This exemption would have applied only to the initial capital investments for digital broadcasting equipment, and would not have applied to the purchase of repair or replacement equipment or parts once the transition to digital broadcasting was completed.

Committee Amendment "A" (S-175) was the majority report of the Joint Standing Committee on Taxation. This amendment proposed that digital radio and television eligible for a sales tax exemption under the bill would not be eligible for reimbursement of business personal property taxes. The amendment proposed that the sales tax exemption be repealed in 2006 or when digital television receivers reached 85% of the consumer market. The amendment also required periodic reports from the State Tax Assessor.

LD 379 An Act to Provide Tax-exempt Status to Organizations That Teach Reading PUBLIC 485

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM	H-647