

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

*Office of Fiscal and Program Review
5 State House Station
Augusta, ME 04333-0005
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MEMBERS:

*Sen. Richard P. Ruhlin, Chair
Sen. Beverly C. Daggett
Sen. S. Peter Mills*

*Rep. Kenneth T. Gagnon, Chair
Rep. Bonnie Green
Rep. Thomas M. Davidson
Rep. Patrick Colwell
Rep. Stephen S. Stanley
Rep. David G. Lemoine
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Rep. Eleanor M. Murphy
Rep. John T. Buck
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 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 545 proposed to increase the homestead exemption from \$7,000 to \$20,000.

LD 572 **An Act to Amend the Veterans' Property Tax Exemption** **ONTP**

<u>Sponsor(s)</u> GERRY BENNETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 572 proposed to increase property tax exemptions for veterans and their survivors by \$2,000 and to eliminate just value as the basis for the exemption

LD 579 **An Act to Encourage Contributions to Family Development Account Reserve Funds** **PUBLIC 475**

<u>Sponsor(s)</u> KONTOS MURPHY E		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-84
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LD 579 proposed to create an income tax credit of up to \$25,000 for taxpayers who make contributions to family development account reserve funds.

Committee Amendment "A" (S-84) replaced the original bill. The amendment clarified the intent of the original bill by correcting references to the agency administering family development reserve accounts, providing that only one credit may be claimed by return, ensuring that a contribution eligible for a credit may not also be eligible for an itemized deduction, providing that the credit is not refundable and providing an application date of January 1, 2000. The amendment also proposed to update references in the statutes to periodic statutory review of income tax expenditures.

Enacted law summary

Public Law 1999, chapter 475 creates an income tax credit of up to \$25,000 for taxpayers who make contributions to family development account reserve funds.

LD 582 **An Act to Increase Income Tax Credit for Child Care Expenses** **ONTP**

<u>Sponsor(s)</u> DOUGLASS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 582 proposed to increase the income tax credit for child care expenses from 25% to 50% of the federal tax credit allowable for child and dependent care expenses.

LD 587 **An Act to Ameliorate Penalties for Late Filing of Municipal Tax Returns** **PUBLIC 487**

Sponsor(s)
MILLS

Committee Report
OTP-AM

Amendments Adopted
S-49

LD 587 proposed that a penalty be imposed on a municipality, to be deducted from any state funds otherwise payable to the municipality, if the municipality files late the annual return and lists required by the Maine Revised Statutes, Title 36, section 383. The penalty for municipalities with a population of less than 2,000 would be \$50 for the first late day and \$10 for each day thereafter. The penalty for municipalities with a population of more than 2,000 would be \$100 for the first day and \$20 for each late day thereafter.

Committee Amendment "A" (S-49) proposed that the penalty established be deducted only from reimbursement due the municipality or primary assessing area under the Tree Growth Tax Law and be limited to the amount of that reimbursement..

Enacted law summary

Public Law 1999, chapter 487 provides a penalty for late filing of annual municipal valuation returns and lists. The penalty is deducted from any reimbursement the municipality is due under the Tree Growth Tax Law and, for municipalities with a population of 2,000 or less, is \$50 for the first late day and \$10 for each day thereafter. For municipalities with a population of more than 2,000 the penalty is \$100 for the first late day and \$20 for each day thereafter.

LD 597

An Act to Allow Certain Companies' Operations that Started in 1996 to Qualify for Employment Tax Increment Financing Treatment

P & S 46

Sponsor(s)
MURRAY
SAXL J

Committee Report
OTP-AM

Amendments Adopted
S-50

LD 597 proposed to permit a business to use 1995 base data for the employment tax increment program if the business's application for the program was not approved before December 31, 1996 because of delays in fully implementing the program and the program was fundamental to the business's decision to invest. Only one business is known to fall into this category.

Committee Amendment "A" (S-50) added a fiscal note to the bill.

Enacted law summary

Private and Special Law 1999, chapter 46 permits a business to use 1995 base data for the employment tax increment program if the business's application for the program was not approved before December 31, 1996 because of delays in fully implementing the program and the program was fundamental to the business's decision to invest.

LD 609

An Act to Repeal All State Taxes on Phone Service

ONTP

Sponsor(s)
KASPRZAK
PENDLETON

Committee Report
ONTP

Amendments Adopted

LD 609 proposed to exempt local and intrastate interexchange telephone service from the sales and use tax.