

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:

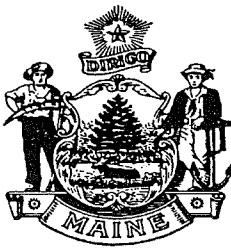
Julie S. Jones, Legislative Analyst

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MEMBERS:

*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
Rep. Kenneth F. Lemont
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 883 **An Act to Increase the Premium on Liquor** **ONTP**

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

LD 883 proposed to raise by 50% the alcohol premium tax imposed on the sale of malt beverages, wine and spirits.

LD 890 **An Act to Amend the Captive Insurance Company Laws with Respect to Taxation** **ONTP**

| | | |
|-----------------------------|---------------------------------|---------------------------|
| <u>Sponsor(s)</u> DUDLEY | <u>Committee Report</u> ONTP | <u>Amendments Adopted</u> |
|-----------------------------|---------------------------------|---------------------------|

LD 890 proposed to tax Maine's captive insurance companies at the lower rate imposed on foreign captive insurance companies.

LD 895 **An Act to Streamline Sales and Use Tax Reporting** **ONTP**

| | | |
|--|---------------------------------|---------------------------|
| <u>Sponsor(s)</u> SNOWE-MELLO FERGUSON | <u>Committee Report</u> ONTP | <u>Amendments Adopted</u> |
|--|---------------------------------|---------------------------|

LD 895 proposed to permit retailers with multiple locations who use separate sales tax registration numbers to file consolidated sales tax reports and remittances. The bill proposed raising the amount of sales requiring estimated reporting from \$250,000 to \$325,000 per registered retailer, and it would have required the Bureau of Revenue Services to make available an electronic spreadsheet reporting format.

LD 897 **An Act to Extend the Management Plan Requirement for Forest Owners under the Maine Tree Growth Tax Law** **PUBLIC 33 EMERGENCY**

| | | |
|--------------------------------------|-----------------------------------|---|
| <u>Sponsor(s)</u> GOOLEY MILLS | <u>Committee Report</u> OTP-AM | <u>Amendments Adopted</u> H-61 S-26 MICHAUD |
|--------------------------------------|-----------------------------------|---|

LD 897 proposed to extend the date by which an owner of land classified under the tree growth tax law is required to prepare a forest management and harvest plan from April 1, 1999 to December 31, 1999.

Committee Amendment "A" (H-61) proposed to allow owners of land classified under the tree growth tax law until December 31, 2000 to file a sworn statement that a forest management plan has been prepared for the land or the land will be withdrawn from tree growth classification. A landowner whose land was subject to classification on September 30, 1989 would be subject to a \$100 penalty if the landowner does not submit to the municipal assessor or the State Tax Assessor for parcels in the unorganized territory by December 31, 1999 either a sworn statement that a forest management plan has been completed or evidence that the landowner has executed a contract with a licensed forester for completion of a forest

management plan by December 31, 2000. The amendment also deletes obsolete language and adds a state mandate preamble and a fiscal note to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-26) proposed to remove the General Fund appropriation requested by the Bureau of Revenue Services to fund the additional costs that will be incurred by the bureau.

Enacted law summary

Public Law 1999, chapter 33 allows owners of land classified under the Maine Tree Growth Tax Law until December 31, 2000 to file a sworn statement that a forest management plan has been prepared for the land or the land will be withdrawn from tree growth classification. A landowner whose land was subject to classification on September 30, 1989 is subject to a \$100 penalty if the landowner does not submit to the municipal assessor or the State Tax Assessor for parcels in the unorganized territory by December 31, 1999 either a sworn statement that a forest management plan has been completed or evidence that the landowner has executed a contract with a licensed forester for completion of a forest management plan by December 31, 2000. Chapter 33 was enacted as an emergency measure effective March 29, 1999.

LD 910 An Act to Amend the Tax Law Regarding Tax Liability of Innocent or Injured Spouses PUBLIC 526

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| RAND GAGNON | OTP-AM | S-173 S-466 RUHLIN |

LD 910 proposed to permit the State Tax Assessor to relieve a spouse of income tax liability under a joint return if the spouse did not know or had no reason to know that there was a substantial understatement of tax liability, it would be inequitable to hold the innocent spouse liable for the deficiency resulting from the understatement and the income tax liability exceeds 20% to 25% of the spouse’s adjusted gross income..

Committee Amendment "A" (S-173) proposed to provide the State Tax Assessor with discretionary authority to relieve the income tax liability of innocent or injured spouses who meet the qualifications for relief for federal income tax purposes. Innocent spouses would be entitled to relief if there was a substantial understatement of tax attributable to grossly erroneous tax items of the other spouse and the spouse requesting relief had no reason to be aware of the understatement. An injured spouse is entitled to relief from offset against a refund due to the obligation of a debtor spouse.

Senate Amendment "A" to Committee Amendment "A" (S-466) proposed to delay the effective date of the bill as amended by the committee amendment until October 1, 2000.

Enacted law summary

Public Law 1999, chapter 526 provides the State Tax Assessor with discretionary authority beginning October 1, 2000 to relieve the income tax liability of innocent or injured spouses who meet the qualifications for relief for federal income tax purposes. Innocent spouses are entitled to relief if there was a substantial understatement of tax attributable to grossly erroneous tax items of the other spouse and the spouse requesting relief had no reason to be aware of the understatement. An injured spouse is entitled to relief from offset against a refund due to the obligation of a debtor spouse.

LD 926 An Act to Exempt Watercraft That Are Not Used from the Watercraft Excise Tax ONTP