

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*

*Rep. Kenneth T. Gagnon, Chair
Rep. Bonnie Green
Rep. Thomas M. Davidson
Rep. Patrick Colwell
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Rep. David G. Lemoine
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Rep. Eleanor M. Murphy
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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 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 939 **An Act to Exempt Maine Residents on Active Military Duty from State Income Tax** **ONTP**

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

LD 939 proposed to exempt from the state income tax all income earned by a Maine resident for active duty in any regular, reserve or national guard unit of the Armed Forces of the United States.

LD 963 **An Act to Promote Good Health Practices in Maine** **ONTP**

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

LD 963 proposed to include vitamins and nutritional supplements in the list of grocery staples exempt from the sales tax.

LD 964 **An Act to Protect Personal Property** **ONTP**

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

LD 964 proposed to prohibit state and local governments from seizing or selling privately owned real estate unless the amount of the delinquent tax exceeds 50% of the value of the real estate as most recently assessed by the municipality in which the real estate is located or, in the case of real estate located in the unorganized territory, as most recently assessed by the State Tax Assessor.

LD 968 **An Act to Restore Municipal Revenue Sharing** **PUBLIC 528**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM MAJ	H-218
NUTTING J	ONTP MIN	S-467 RUHLIN

LD 968 proposed to restore \$1,300,000 to the municipal revenue sharing fund that was diverted from that fund by the State's interpretation and application of legislation passed by the 118th Legislature to fund the reduction in the state sales tax from 6% to 5.5%. That action led to a deposit of approximately \$26,000,000 into the Maine Rainy Day Fund established by the Maine Revised Statutes, Title 5, section 1513 without first placing 5.1% of that amount in the municipal revenue sharing fund as required by Title 30-A, section 5681.

Committee Amendment "A" (H-218), the majority report of the Joint Standing Committee on Taxation, proposed to authorize the transfer of \$1,152,347 from the sales tax reserve to the Local Government Fund in fiscal year 1999-00. This sum represents the amount that would have been transferred to the Local Government Fund if the 4-month reserving of money authorized in the Maine Revised Statutes, Title 36, section 1811 had not been interpreted and applied to preclude that transfer.

This amendment also proposed to prevent a reduction to the Local Government Fund due to the application of Title 36, section 1811 or any other law providing for transfers from sales and income tax revenue. It is intended to make clear that the Local Government Fund, from which state-municipal revenue sharing is distributed, must be credited with amounts based on the State's total sales and use tax and income tax receipts regardless of the operation of any other inconsistent law.

Senate Amendment "A" to Committee Amendment "A" (S-467) proposed a transfer from the Maine Rainy Day Fund in lieu of the sales tax reserve. The sales tax reserve was used to finance Public Law 1999, chapter 401, the "Part 2" budget bill.

Enacted law summary

Public Law 1999, chapter 528 authorizes the transfer of \$1,152,347 from the Maine Rainy Day Fund to the Local Government Fund in fiscal year 1999-00. This sum represents the amount that would have been transferred to the Local Government Fund if the 4-month reserving of money authorized in the Maine Revised Statutes, Title 36, section 1811 had not been interpreted and applied to preclude that transfer.

The law also prohibits a reduction to the Local Government Fund due to any future application of Title 36, section 1811 or any other law providing for transfers from sales and income tax revenue. It is intended to make clear that the Local Government Fund, from which state-municipal revenue sharing is distributed, must be credited with amounts based on the State's total sales and use tax and income tax receipts regardless of the operation of any other inconsistent law.

LD 969 An Act to Exempt Food That is Medically Necessary From Sales Tax ONTP

<u>Sponsor(s)</u> DAVIDSON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 969 proposed to include in the definition of a grocery staple exempt from the sales tax an item sold on a written certification of a person's physician that the item is a medical necessity to the health of the person for whom the item is being purchased.

LD 979 An Act to Use Funds From the Sale of Utility Company Properties to Help Offset Ice Storm 1998 Expenses ONTP

<u>Sponsor(s)</u> CAREY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 979 proposed to set aside corporate income taxes attributable to the sale of assets pursuant to electric restructuring in a separate account to be used, subject to the direction of the Public Utilities Commission, to reimburse electric utilities for expenses incurred in remedying damages caused by the ice storm of 1998.

See also LD 1500 under the summaries for the Joint Standing Committee on Utilities which proposed to use the same revenues for assistance to low-income electric consumers.

LD 982 An Act to Reimburse Municipalities for the Property Tax Loss for County Property that is Used but not Leased by the State ONTP