

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 OVER Bill 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.

Public Law 1999, chapter 518 provides a sales tax trade-in credit for truck campers and extends the sales tax on casual sales to truck campers.

LD 1122 **An Act to Return a Percentage of the Meals and Lodging Tax to the Municipality in Which Those Taxes were Levied** **CARRIED OVER**

<u>Sponsor(s)</u> LEMOINE		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 1122 proposed to return 10% of the sales taxes collected for liquor sold in on-premises establishments, meals and lodging to the municipalities where those taxes were collected.

This bill was carried over to the Second Regular Session.

LD 1123 **An Act to Set Fees for Services for Tax-exempt Property in Municipalities** **ONTP**

<u>Sponsor(s)</u> MCNEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1123 proposed to allow municipalities to impose service charges for tax-exempt property owned or occupied by entities other than religious institutions and governmental entities.

LD 1130 **An Act to Implement the Recommendations of the Task Force to Study Telecommunications Taxation** **PUBLIC 488**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-391 H-604 GAGNON
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LD 1130 contains the recommendations of the Task Force to Study Telecommunications Taxation established by Resolve 1997, chapter 121. The bill proposed the following changes.

- The bill proposed to replace the definition of taxable "telephone and telegraph service" in the sales tax law with a definition of "telecommunications services." The new definition proposed to clarify the meaning of the old definition, ensure that unbundled network elements sold to another provider of telecommunications services are not taxable and exclude prepaid calling arrangements from the definition of "telecommunications services."
- The bill proposed a sales tax exclusion for the sale of cable television converter boxes to a provider of cable television services.
- The bill proposed to extend the sales tax to prepaid calling arrangements.
- The bill proposed to require the Bureau of Revenue Services to monitor legal and technological developments in the field of telecommunications and report to the Legislature any need for change to the State's tax laws.
- The bill proposed sales tax exemptions for machinery and equipment used directly and primarily to provide communications service and for the first \$16 monthly for each residential telephone account.

- The bill proposed to repeal the state telecommunications personal property tax effective April 1, 2001 and returns that personal property to standard municipal property taxation

Committee Amendment "A" (H-391) proposed to remove provisions from the bill exempting from sales tax the sale of machinery and equipment used to provide communications service and exempting from sales tax the first \$16 monthly of residential local exchange telecommunications service

House Amendment "A" (H-604) proposed to correct a clerical omission in the committee amendment by removing from the bill the provisions repealing the telecommunications property tax and replacing a definition to clarify its intended application.

Enacted law summary

Public Law 1999, chapter 488 modernizes the application of the sales tax by replacing the definition of taxable "telephone and telegraph service" in the sales tax law with a definition of "telecommunications services." The new definition clarifies the meaning of the old definition and ensures that unbundled network elements sold to another provider of telecommunications services are not taxable. The law imposes a sales tax on prepaid calling arrangements and excludes services provided pursuant to prepaid calling arrangements from the definition of taxable "telecommunications services." The law provides a sales tax exclusion for the sale of cable television converter boxes to a provider of cable television services. The bill requires the Bureau of Revenue Services to monitor legal and technological developments in the field of telecommunications and report to the Legislature any need for change to the State's tax laws. See also LD 617, Public Law 1999, chapter 401, Part EEE that reserves funds to permit future elimination of prepayments and nonstandard treatment of accruals under the Telecommunications Personal Property Tax.

LD 1134 An Act to Extend the Maine Residents Property Tax Program to Persons PUBLIC 494
Living in Subsidized Housing Who Receive Certain Disability Payments

<u>Sponsor(s)</u> BERRY R NUTTING J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-219 S-403 MICHAUD
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LD 1134 proposed to permit persons living in subsidized housing who receive social security disability or supplemental security income disability benefits to qualify for the Maine Residents Property Tax Program.

Committee Amendment "A" (H-219) proposed to clarify that this change to the Maine Residents Property Tax program applies to those claims filed on or after August 1, 1999.

Senate Amendment "A" to Committee Amendment "A" (S-403) proposed to delete an appropriation to the Bureau of Revenue Services for computer programming expenses.

Enacted law summary

Public Law 1999, chapter 494 permits persons living in subsidized housing who receive social security disability or supplemental security income disability benefits to qualify for the Maine Residents Property Tax Program for claims files on or after August 1, 1999.

LD 1136 An Act to Provide an Inflation Adjustment for the Elderly Low-cost Drug ONTP
Program