

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

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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 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.

LD 1271 **An Act to Ensure the Proper Taxation of Low-energy Fuels** **ONTP**

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| <u>Sponsor(s)</u> AMERO | | <u>Committee Report</u> ONTP | | <u>Amendments Adopted</u> |
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LD 1271 proposed to exempt low-energy fuels, such as propane and natural gas from the special fuel tax unless those fuels were delivered into a motor vehicle for highway use. (See also LD 1337)

LD 1272 **An Act to Adjust the Forest Fire Suppression Tax** **ONTP**

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| <u>Sponsor(s)</u> MILLS | | <u>Committee Report</u> ONTP | | <u>Amendments Adopted</u> |
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LD 1272 proposed to adjust the computation of the forest fire suppression tax from 40% of the net cost of forest fire protection to 25% to reflect the threshold that was established in 1991 for the years after 1996.

LD 1274 **An Act to Extend the Machinery and Equipment Exemption to Sales and Leaseback Transactions** **ONTP**

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| <u>Sponsor(s)</u> RUHLIN DAVIDSON | | <u>Committee Report</u> ONTP | | <u>Amendments Adopted</u> |
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LD 1274 proposed to provide that a manufacturer does not lose 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 bill also proposes to extend the exemption to the sale of the machinery or equipment to the bank or leasing company. The provisions of this bill were included in LD 356, Public Law 1999, chapter 516.

LD 1277 **An Act Concerning Technical Changes to the Tax Laws** **PUBLIC 414
EMERGENCY**

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| <u>Sponsor(s)</u> RUHLIN GAGNON | | <u>Committee Report</u> OTP-AM | | <u>Amendments Adopted</u> H-684 DAVIDSON S-329 |
|---------------------------------------|--|-----------------------------------|--|--|

LD 1277 proposed technical corrections, clarifications and minor substantive changes to various laws concerning taxation and would also repeal several obsolete tax provisions.

Committee Amendment "A" (S-329) proposed to make corrections to the bill, remove unnecessary provisions and add additional technical corrections, clarifications and minor substantive changes to the tax laws.

House Amendment "A" to Committee Amendment "A" (H-684) proposed to remove the technical changes proposed by Committee amendment "A" to the definitions of "telecommunications equipment" and "telecommunications services" because those changes are also being made in L.D. 1130, "An Act to Implement the Recommendations of the Task Force to Study Telecommunications Taxation." The amendment would also correct a clerical error.

Enacted law summary

Public Law 1999, chapter 414 makes technical corrections, clarifications and minor substantive changes to various laws concerning taxation and repeals several obsolete tax provisions. Chapter 414 was enacted as an emergency measure and took effect June 5, 1999.

LD 1278 An Act to Base Sales Tax for Net Energy Billing Customers on Net Energy Deliveries PUBLIC 286

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| <u>Sponsor(s)</u> GREEN | | <u>Committee Report</u> OTP | | <u>Amendments Adopted</u> |
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LD 1278 proposed that sales tax on electricity for net energy billing customers be based upon the net energy deliveries to those customers and not upon the total energy deliveries. To accomplish this, the bill proposed a sales tax exemption for sales of electricity to net energy billing customers for which no money is paid to the electricity provider or to the transmission and distribution utility.

Enacted law summary

Public Law 1999, chapter 286 exempts sales of electricity to net energy billing customers when no money is paid for the electricity.

LD 1299 An Act to Enhance the Elderly Low Cost Drug Program ONTP

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| <u>Sponsor(s)</u> PEAVEY | | <u>Committee Report</u> ONTP | | <u>Amendments Adopted</u> |
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LD 1299 proposed to direct the State Tax Assessor to increase by \$300 each of the income eligibility limitations for the elderly low cost drug program beginning October 1, 1999.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part KKK.

LD 1300 An Act Exempting from the Sales Tax the Value of a Trade-in Vehicle When the Trade-in Is Sold Privately ONTP

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| <u>Sponsor(s)</u> LOVETT MITCHELL B | | <u>Committee Report</u> ONTP | | <u>Amendments Adopted</u> |
|---|--|---------------------------------|--|---------------------------|

LD 1300 proposed to allow a sales tax trade-in credit on the sale of a motor vehicle if the person purchases the replacement within 30 days of the sale of the original motor vehicle.