

### STATE OF MAINE 119TH LEGISLATURE

#### SECOND REGULAR SESSION

## BILL SUMMARIES JOINT STANDING COMMITTEE ON TAXATION

#### **JULY 2000**

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

Staff: Julie S. Jones, Legislative Analyst

Office of Fiscal and Program Review 5 State House Station Augusta, ME 04333-0005 (207) 287-1635



## MAINE STATE LEGISLATURE OFFICE OF FISCAL AND PROGRAM REVIEW 5 STATE HOUSE STATION AUGUSTA, MAINE 04333-0005 Telephone: (207) 287-1635 FAX: (207) 287-6469

TO: Members, Joint Standing Committee on Taxation

FROM: Julie Jones, Legislative Analyst

DATE: July, 2000

#### RE: BILL SUMMARIES, 119th LEGISLATURE, 2nd 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 2nd 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 2nd Regular Session (unless a later date is specified in a particular law) is August 11, 2000. 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:

| CON RES XXXCh.<br>CONF CMTE UNABLE TO AGREE<br>DIED BETWEEN BODIES |  |
|--|--|
| DIED IN CONCURRENCE One body act                                   | cents 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                           |  |
| FAILED ENACTMENT/FINAL PASSAGE<br>FAILED MANDATE ENACTMENT         |  |
| FAILED MANDATE ENACTMENT   |  |
| NOT PROPERLY BEFORE THE BODY                                       |  |
| 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<br>RESOLVE 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 amendment 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 1122 An Act to Return a Percentage of the Meals and Lodging Tax to the Municipality in Which Those Taxes were Levied

ONTP

| Sponsor(s) | Committee Report | Amendments Adopted |
|------------|------------------|--------------------|
| LEMOINE    | ONTP             | _                  |

LD 1122 was carried over from the First Regular Session. The bill 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.

## LD 1587An Act to Allow the Surviving Veteran Spouse of a Veteran toINDEF PPContinue to Receive the Property Tax Exemption

| Sponsor(s) | Committee Report | Amendments Adopted |
|------------|------------------|--------------------|
| PIEH       | OTP-AM           |                    |
| KILKELLY   |                  |                    |

LD 1587 was carried over from the First Regular Session. The bill proposed to expand property tax exemptions for veterans to permit a widower to claim an exemption as a surviving spouse and to permit an eligible surviving spouse of a veteran who is also an eligible veteran to claim one property tax exemption as a veteran and a second exemption as a surviving spouse.

### LD 1594 An Act to Promote Equity Among Health Care Clinics INDEF PP

| Sponsor(s) | Committee Report | Amendments Adopted |
|------------|------------------|--------------------|
| ABROMSON   | OTP-AM           |                    |
| MAYO       |                  |                    |

LD 1594 was carried over from the First Regular Session. The bill proposed to expand the sales tax exemption for rural health clinics to include all incorporated nonprofit health clinics.

## LD 1824An Act to Encourage Equity Equivalent Loans or Investments inINDEF PPNonprofit Community Economic Development Organizations

Sponsor(s)Committee ReportAmendments AdoptedHARRIMANOTP-AM

LD 1824 was carried over from the First Regular Session. The bill proposed to provide a deduction from income for purposes of the franchise tax on financial institutions. The deduction would be equal to the difference between the income earned on an equity equivalent loan to a nonprofit community development financial organization and the income that would have been earned on a market rate loan.

**Committee Amendment "A" (S-553)** proposed to establish a credit against the income tax, the insurance premium tax and the bank franchise tax for investments in eligible nonprofit economic development organizations. The credit would be equal to 6% of the face value of the investment annually for 10 years.

# LD 1883An Act to Ensure that Certain Land Transfers AccomplishedDIED INthrough Stock Transfers are not Exempt from the Transfer TaxCONCURRENCE

| Sponsor(s) | Committee Report |     | Amendments Adopted |
|------------|------------------|-----|--------------------|
| MICHAUD    | ONTP             | MAJ | _                  |
|            | OTP-AM           | MIN |                    |

LD 1883 was carried over from the First Regular Session. The bill proposed to eliminate certain exemptions from the real estate transfer tax relating to corporate transactions involving transfers by deeds to unimproved or undeveloped land in excess of 100 acres. The subject matter of the bill was the subject of an interim study by the Joint Standing Committee on Taxation. The Committee recommended extending the real estate transfer tax to cover the transfer of controlling interests in business entities with an ownership interest in real estate. The Committee's recommendations were originally contained in a New Draft, LD 2643. All papers relating to this bill were referred back to Committee.

**Committee Amendment "B" (S-698)** was accepted in the Senate but not in the House of Representatives. The Amendment proposed to extend the real estate transfer tax to cover the transfer of controlling interests in entities with an interest in real property. The amendment also proposed to reduce the overall rate of the tax to eliminate any net increase in revenues from the tax resulting from the extension to controlling interests and exclude from the tax property acquired by a financial institution by foreclosure on a mortgage or other loan and that is held for resale.

Senate Amendment "A" to Committee Amendment "B" (S-700) was accepted in the Senate but not in the House of Representatives and proposed to make a technical correction.

A Committee of Conference was appointed but was unable to agree.

### LD 1921An Act to Promote Land Conservation at the Local LevelONTP



LD 1921 was carried over from the First Regular Session. The bill proposed to permit counties to impose a local option real estate transfer tax for the purpose of purchasing or improving public lands within the county. The tax could not exceed 5% of the state real estate transfer tax and would be imposed only if approved by the voters of the county. Revenues from the local option tax would be spent for purchasing or improving public lands in the county subject to recommendations of a county land conservation board.