

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:

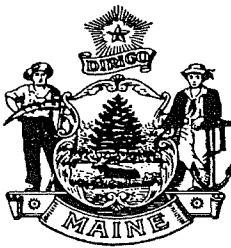
Julie S. Jones, Legislative Analyst

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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
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Rep. David G. Lemoine
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Rep. John T. Buck
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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 1882

An Act to Include in the Business Equipment Tax Reimbursement Program those Energy Facilities that Burn Production Residuals from Maine's Primary and Secondary Wood Products Industries

ONTP

<u>Sponsor(s)</u> MILLS WHEELER E		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1882 proposed to include under the business equipment tax reimbursement (BETR) program real property of an energy production facility that produces energy and from which at least 80% of the energy output is generated by wood waste, including bark, shavings, wood chips and sawdust from a primary or secondary wood product industry in the State.

LD 1883

An Act to Ensure that Certain Land Transfers Accomplished through Stock Transfers are not Exempt from the Transfer Tax

CARRIED OVER

<u>Sponsor(s)</u> MICHAUD		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 1883 proposed to eliminate certain exemptions from the real estate transfer tax relating to corporate transactions involving transfers of deeds to unimproved or undeveloped land in excess of 100 acres.

This bill was carried over to the Second Regular Session. The Joint Standing Committee on Taxation was given permission to study the issue and report back to the Second Regular Session.

LD 1916

An Act Concerning the Regulation and Treatment of Time-shares

PUBLIC 478

<u>Sponsor(s)</u> CIANCHETTE		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-690
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LD 1916 proposed to make the following changes in the law relating to time share property: The bill would

- Provide authority for a developer to sell time-shares prior to completion of a time-share unit as long as all consideration from the sale is held by a 3rd-party escrow agent;
- Permit the developer to be excused from paying common expenses if the developer guarantees that common expenses will not exceed a stated amount
- Require property divided into time share estates to be valued for property tax purposes based on the sales price of comparable property that is not divided into time share estates.

Committee Amendment "A" (H-690) proposed to delete provisions from the bill relating to authority to convey time-share estates prior to completion of the project. The amendment proposed to replace provisions relating to property taxes with a provision directing assessors to consider sales in the secondary market in determining the just value of property and providing that the value of property for purposes of the real estate transfer tax does not include the amount of consideration attributable to vacation exchange rights, vacation services or club memberships and associated costs. The amendment would also require a time-share developer or association of time-share owners to provide, on request, an itemized schedule of fees included in the sales price.

Enacted law summary

Public Law 1999, chapter 478 directs local assessors to consider sales in the secondary market in determining the just value of property, permits a time share developer to be excused from paying common expenses if the developer guarantees that common expenses will not exceed a stated amount and provides that the value of property for purposes of the real estate transfer tax does not include the amount of consideration attributable to vacation exchange rights, vacation services or club memberships and associated costs. A time-share developer or association of time-share owners is required to provide, on request, an itemized schedule of fees included in the sales price.

LD 1921 An Act to Promote Land Conservation at the Local Level CARRIED OVER

<u>Sponsor(s)</u> ETNIER	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1921 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 may not exceed 5% of the state real estate transfer tax and may be imposed only if it is approved by the voters of the county. Revenues from the local option tax may be spent for purchasing or improving public lands in the county subject to recommendations of a county land conservation board.

This bill was carried over to the Second Regular Session.

LD 1940 An Act to Create Standards of Eligibility Governing Certain Tax-exempt Organizations and to Phase in a Reduction of the Rate of Exemption to Reflect the Cost of Providing Essential Municipal Services CARRIED OVER

<u>Sponsor(s)</u> DAGGETT	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1940 proposed to create a phased-in system that gradually limits the property tax exemption for all property that is currently 100% exempt except municipal, federal or church property or parcels of real estate that do not have structures built on them. The value of the exemption would be reduced 4% per year until the exemption reaches 60% of the property's just value in the year 2009, where it would remain. The bill also proposed to establish the following requirements that benevolent and charitable organizations must meet to qualify for exemption:

1. The organization must provide a significant portion of its services to a substantial class of persons who are legitimate subjects of charity or otherwise relieve the government of its burden;
2. The organization must report on its charitable performance annually to the municipal assessors and publish that report in a daily newspaper of general circulation; and
3. The organization must provide a salary and benefit package to its directors, trustees, officers, employees and agents that falls within a definition of "reasonable compensation" that is measured by a publication of the Department of Labor that lists Maine occupational wages.

This bill was carried over to the Second Regular Session.

LD 1953 An Act to Fully Fund Primary and Secondary Education in the State ONTP