

MAINE STATE LEGISLATURE

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**STATE OF MAINE
119TH LEGISLATURE**

SECOND REGULAR SESSION

**BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
TAXATION**

JULY 2000

Staff:

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**Office of Fiscal and Program Review
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MAINE STATE LEGISLATURE
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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 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 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 2660

**Resolve, Authorizing the Refund of Sales Tax Overpayments to a
Maine Business**

RESOLVE 122

Sponsor(s)

Committee Report

Amendments Adopted

LD 2660 was reported by the Joint Standing Committee on Taxation pursuant to Joint Order (S.P. 1032). The resolve proposed to require the Bureau of Revenue Services to refund to Bond Brothers Hardware, Inc. \$8,680 that was overpaid in sales tax.

Enacted Law Summary:

Resolve 1999, chapter 122 requires the Bureau of Revenue Services to refund to Bond Brothers Hardware, Inc. \$8,680 that was overpaid in sales tax.

LD 2669

**An Act to Implement the Tax Policy Recommendations of the Task
Force Created to Review Smart Growth Patterns of Development**

PUBLIC 757

Sponsor(s)
MICHAUD

Committee Report

Amendments Adopted

LD 2669 was reported by the Joint Standing Committee on Taxation pursuant to Joint Order (H.P. 1851). The bill proposed the following provisions to implement the recommendations of the Task Force on State Office Building Location. Other State Growth-related Capital Investments and Patterns of Development. The bill contained the following proposals.

1. The bill proposed to increase the amount available for state municipal revenue sharing 5.1% to 5.3% of sales and income tax collections. A Disproportionate Tax Burden Fund would have been established to provide additional revenue sharing to municipalities with tax rates in excess of 10 mills.
2. The bill proposed changes to enhance the effectiveness of the Farm and Open Space Tax Law and to provide reimbursement to municipalities for 90% of taxes lost as a result of classification under the law.
3. The bill proposed a sales tax exemption or refund for electricity used in commercial agriculture, fishing or aquaculture.

Senate Amendment "A" (S-753) proposed to remove from the bill provisions relating to the Disproportionate Tax Burden Fund and the Farm and Open Space Tax Law. The amendment also appropriated funds for an additional tax examiner position to audit partnership and Subchapter S corporation returns. A Disproportionate Tax Burden Fund was established in the budget bill, LD 2510, PL 1999, chapter 731, Part U. The Fund was funded by a one-time appropriation of \$3,600,000 with subsequent years being funded by establishing an annual growth ceiling on traditional state-municipal revenue sharing and directing revenue sharing amounts over the annual growth ceiling to the Disproportionate Tax Burden Fund. Enhancements to the Farm and Open Space Law were enacted in the budget bill, LD 2510, Public Law 1999, chapter 731, Part Y. Reimbursement for municipal tax loss was not enacted. See also LDs 544, 2426 and 2541.

Enacted Law Summary:

Resolve 1999, chapter 122 requires the Bureau of Revenue Services to refund to Bond Brothers Hardware, Inc. \$8,680 that was overpaid in sales tax.

LD 2686 **An Act Related to Sales Tax on Vehicles Leased and Removed from the State and Watercraft Used in Interstate Commerce** **PUBLIC 759**

<u>Sponsor(s)</u> MICHAUD		<u>Committee Report</u>		<u>Amendments Adopted</u> S-754
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LD 2686 was reported by the Joint Standing Committee on Taxation pursuant to Joint Order, S.P. 1065. The bill proposed to extend the sales tax exemption for vehicles purchased by nonresidents to include leases of vehicles to nonresidents. The bill also proposed to amend the sales tax exemption for watercraft used in interstate or foreign commerce by extending the time period within which the watercraft must be put to use in interstate or foreign commerce if the watercraft is not capable of used for that purpose.

Senate Amendment "A" (S-754) proposed to repeal the exemption for vehicles leased by nonresidents on June 30, 2001 and to repeal the extension of time for watercraft placed in interstate or foreign commerce on September 1, 2000.

Enacted Law Summary:

Public Law 1999, chapter 759 extends the sales tax exemption for vehicles purchased by nonresidents to include leases of vehicles to nonresidents until June 30, 2001. The law also amends the sales tax exemption for watercraft used in interstate or foreign commerce by extending the time period within which the watercraft must be put to use in interstate or foreign commerce if the watercraft is not capable of use for that purpose. This extension is effective for the period between January 1, 1994 and September 2, 2000.