

# MAINE STATE LEGISLATURE

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*State Of Maine  
120th Legislature*

*Second Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Taxation*

*May 2002*

**Members:**

*Sen. Kenneth T. Gagnon, Chair  
Sen. Kenneth F. Lemont  
Sen. Richard Kneeland*

*Rep. Bonnie Green, Chair  
Rep. Stephen S. Stanley  
Rep. Rosita Gagne*

*Rep. Joseph C. Perry  
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Rep. David E. Bowles*

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**Maine State Legislature**  
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**120th Legislature**  
**Second Regular Session**

**Summary Of Legislation Before The Joint Standing Committees**  
**May 2002**

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing select committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet ([www.state.me.us/legis/opla](http://www.state.me.us/legis/opla)).

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:

<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i> .....	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i> .....	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i> .....	<i>Ought Not To Pass report accepted</i>
<i>OTP ND</i> .....	<i>Committee report Ought To Pass In New Draft</i>
<i>OTP ND/NT</i> .....	<i>Committee report Ought To Pass In New Draft/New Title</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PASSED</i> .....	<i>Joint Order passed in both bodies</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 25, 2002.

**Patrick T. Norton, Interim Director**  
**Offices located in Room 215 of the Cross Office Building**

## Joint Standing Committee on Taxation

**Committee Amendment “A” (H-1016)** proposed to direct state agencies to provide the Secretary of State with a list of licenses, registrations, forms and reports required by the agencies to operate a business or conduct an occupation. The Secretary of State would be directed to compile a master list of licenses, registrations, forms and reports and submit the master list to the First Regular Session of the 121st Legislature by January 15, 2003.

**Senate Amendment “A” to Committee Amendment “A” (S-592)** proposed to remove the appropriations section from the committee amendment.

### *Enacted Law Summary:*

Resolve 2001, chapter 111 directs state agencies to provide the Secretary of State with a list of licenses, registrations, forms and reports required by the agencies to operate a business or conduct an occupation. The Secretary of State is directed to compile a master list of licenses, registrations, forms and reports and submit the master list to the First Regular Session of the 121st Legislature by January 14, 2003.

### **LD 2086**

### **An Act to Implement the Recommendations of the Education Funding Reform Committee**

**DIED BETWEEN BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ ONTP-MIN	

LD 2086 was presented by the Education Funding Reform Committee pursuant to Public Law 2001, chapter 439, Part SSS as a proposal for reducing the State's reliance on the property tax for funding public education. This bill was accompanied by separate legislation to amend the Constitution of Maine to authorize aspects of the proposed changes. (See LD 2087.)

This bill proposed to establish property tax maximum mill rates for local costs for public education from kindergarten to grade 12. Mill rates would be limited to 6 mills for primary residential property, commercial, agricultural and industrial property, and tracts of undeveloped property not enrolled in a current use taxation program and 12 mills for all other property. Municipalities would be able to raise additional amounts for public education through the property tax but only from primary residential property. The bill proposed to repeal the homestead property tax exemption and require information regarding the impact of the changes to be included on property tax bills. The bill proposed to direct the joint standing committee of the 121st Legislature having jurisdiction over taxation matters to develop recommendations designed to generate the additional state revenue necessary to fund public education from kindergarten to grade 12. The committee would be directed to give special consideration to sales and use tax base expansions and to consider converting the State's sales and use tax to a gross receipts tax. The committee would also be directed to recommend an excise tax on personal property as partial replacement of property taxes on personal property and an education budget stabilization fund designed to ensure that adequate funds are available for education costs during periods when General Fund revenues do not keep pace with education costs.

**Committee Amendment “A” (H-1068)** proposed to replace the bill and to provide for a statutory referendum on establishing a cap on local property taxes of 12 mills on secondary residential property and 6 mills for all other property for the purpose of funding public education from kindergarten to grade 12. A

## Joint Standing Committee on Taxation

municipality would be able to raise additional revenues for education but only from additional assessments on primary residential property. The amendment also proposed to establish an Education Funding Stabilization Fund, funded by a portion of year-end surplus revenues for the purpose of ensuring adequate state funding for education in years when General Fund revenues do not provide adequate revenue for education funding. The amendment proposed to require notification on local budget documents of the impact of school and municipal budgets on property tax mill rates and direct the joint standing committee of the Legislature having jurisdiction over taxation matters to report out legislation to the First Regular Session of the 121st Legislature to extend the sales tax to services not currently taxed, to increase the sales tax on meals and lodging from 7% to 8% and to address the progressivity of the income tax.

**LD 2087                      RESOLUTION, Proposing an Amendment to the Constitution                      DIED BETWEEN  
of Maine to Allow the Legislature to Establish Classes                      BODIES  
of Property for Purposes of Property Taxes to Fund**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-1053
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LD 2087 was a constitutional resolution offered by the Education Funding Reform Committee pursuant to Public Law 2001, chapter 439, Part SSS as part of a proposal presented by the committee to reduce the State's reliance on the property tax for funding public education. This constitutional resolution was accompanied by separate legislation to implement the changes proposed in the resolution and to provide further details of the proposal developed by the committee for further consideration by the Legislature. (See LD 2086.)

This constitutional resolution proposed to make two major changes in the constitutional requirements related to the property tax. The first change would permit the Legislature to establish classes of property and impose different maximum rates on the local property tax that could be imposed on each class of property for the purposes of funding local education costs. The second change would exempt personal property from taxation as long as certain personal property, as defined by the Legislature, is subject to an excise tax to be collected and retained by municipalities.

Committee Amendment "A" (H-1053) proposed to remove provisions from the original resolution proposing to exempt personal property from the property tax if an excise tax was established for that property and to clarify the language authorizing the Legislature to establish classes of property and to permit different tax rates for different classes of property for the purpose of funding public education from kindergarten to grade 12.