

# 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. Janet L. McLaughlin  
Rep. Eleanor M. Murphy  
Rep. John T. Buck  
Rep. Randall L. Bumps  
Rep. David E. Bowles*

**Staff:**

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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 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.

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
PASSED..... Joint Order passed in both bodies
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

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

LD 2161

### An Act to Conform the Maine Tax Laws for 2001 With the United States Internal Revenue Code

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GREEN GAGNON	ONTP	

LD 2161 proposed to update references to the United States Internal Revenue Code contained in the Maine Revised Statutes, Title 36 as amended through December 31, 2001 for tax years beginning on or after January 1, 2001.

Partial conformity with the United State Internal Revenue Code as of March 15, 2002 was included in Part GG of the Supplemental Budget Bill. See LD 2080, in the summaries of the Joint Standing Committee on Appropriations and Financial Affairs.

**LD 2162**

### An Act to Supplement Maine's Academic Attainment and to Retain Talent

PUBLIC 700

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL BENNETT	OTP-AM MAJ ONTP MIN	H-1055 S-616

LD 2162 was jointly referred to the Joint Standing Committee on Education and Cultural Affairs and the Joint Standing Committee on Taxation. The bill proposed to establish a tax credit for a portion of contributions to a qualified scholarship organization whose purpose is to provide 95% of the contribution it receives to award need-based student financial assistance to Maine residents to attend institutions of higher education and to repay educational loans of persons who are employed by a business in the State or who reside in the State and are unemployed. The bill also proposed to require the advisory council established to address policies related to higher education attainment in the State to review and report on the policy alternatives available to the Legislature in creating an endowment fund for the benefit of eligible residents of the State to meet the high cost of attending an institution of higher education. The joint standing committee of the Legislature having jurisdiction over education matters would be authorized to report out a bill to the Second Regular Session of the 121st Legislature.

**Committee Amendment "A" (H-1055)** is the majority report of the Joint Standing Committee on Education and Cultural Affairs and the Joint Standing Committee on Taxation. The committee amendment proposed to replace the bill to clarify the proposed tax credits as follows.

The amendment proposed to provide tax credits against the income tax and the insurance premium tax equal to a portion of the amount contributed by an individual or corporation to a qualified scholarship organization and for a portion of the amount paid by an employer to a creditor on behalf of certain employees for the purpose of repaying the employees' outstanding postsecondary education loans. The proposed total tax credit could not exceed \$2,000 for an individual taxpayer or \$10,000 for each taxpayer who is a corporation or an employing unit and would not be refundable.

The amendment also proposed to require the advisory council established to address policies related to higher education attainment in the State to review and report on the policy alternatives available to the

## Joint Standing Committee on Taxation

Legislature in creating an endowment fund for the benefit of eligible residents of the State to meet the high cost of attending an institution of higher education. The joint standing committee of the Legislature having jurisdiction over education matters would be authorized to report out a bill to the Second Regular Session of the 121st Legislature.

**Committee of Conference Amendment “A” to Committee Amendment “A” (S-616)** is the unanimous report of the Committee of Conference. This amendment proposed to retain the provisions of Committee Amendment "A" except that it proposed to change modifications to federal income in connection with the educational investment tax credit and the recruitment credit and make the credits for 2003 tax years contingent upon the availability of adequate year-end surplus revenues in fiscal year 2001-02.

### *Enacted Law Summary:*

Public Law 2001, chapter 700 establishes tax credits to promote the postsecondary educational attainment of Maine residents or the recruitment and retention of college-educated persons to work in Maine. To accomplish these purposes, the law enacts the following provisions:

1. It provides tax credits against the income tax and the insurance premium tax equal to a portion of the amount contributed to a qualified scholarship organization;
2. It provides tax credits against the income tax and the insurance premium tax equal to a portion of the amount paid by an employer to a creditor on behalf of an employee for the purpose of repaying the employee's outstanding postsecondary education loans;
3. It provides that the total tax credit may not exceed \$2,000 for an individual taxpayer or \$10,000 for each taxpayer who is a corporation or an employing unit. It also provides that the contribution may not directly benefit the taxpayer claiming the credit or those directly related to a taxpayer that is claiming the credit. It further provides that the tax credits may not reduce the contributor's Maine income tax to less than zero but may be carried over for 5 taxable years;
4. It requires annual reporting of the costs and effectiveness of the tax credit programs by the Finance Authority of Maine, in conjunction with the Department of Administrative and Financial Services, Maine Revenue Services, to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters;
5. The tax credit for 2003 tax years takes effect only if there are sufficient funds in the General Fund unappropriated surplus at the close of fiscal year 2001-02 to cover the cost of the tax credits; and
6. It requires an advisory council established to address policies related to higher education attainment in the State to review and report on the policy alternatives available to the Legislature in creating an endowment fund for the benefit of eligible residents of the State to meet the high cost of attending an institution of higher education. The joint standing committee of the Legislature having jurisdiction over education and cultural affairs may report out a bill to the Second Regular Session of the 121st Legislature relating to this report.

This bill was jointly referred to the Joint Standing Committee on Education and Cultural Affairs and the Joint Standing Committee on Taxation.