

Joint Standing Committee on Taxation

LD 4 **An Act to Eliminate Sales Tax on Electricity Used in Agriculture and Aquaculture** **INDEF PP**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u>
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LD 4 proposed to exempt electricity used directly and primarily in commercial agricultural and aquacultural production from the sales tax.

Committee Amendment "A" (S-85) proposed to relocate the exemption for electricity used in commercial agricultural and aquacultural production to a section of law that provides for a sales tax exemption or refund on other sales to those purchasers. The relocation also expanded the exemption to cover electricity sold for commercial fishing.

LD 5 **An Act to Permit Retailers to Retain a 1% Service Fee for Collection of Sales Tax Revenue** **ONTP**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 5 proposed to permit retailers who submit reports and payments in a timely manner to retain 1% of sales tax collections as compensation for the costs of collecting the tax. For the first 10 days that a report or payment is late, the loss of the retention would be the sole penalty.

LD 6 **An Act Related to Application of the Sales Tax to Agricultural Animals** **INDEF PP**

<u>Sponsor(s)</u> LIBBY		<u>Committee Report</u> OTP-AM MAJ ONTP MIN		<u>Amendments Adopted</u>
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LD 6 proposed to exempt horses from the sales tax.

Committee Amendment "A" (S-83) proposed to expand the exemption proposed in the bill to include all equines, clarify the exempt status of agricultural animals and relocate the exemption to include it with related provisions.

LD 18 **An Act to Exempt from the State Sales Tax Adult Incontinence Undergarments** **ONTP**

<u>Sponsor(s)</u> PERKINS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 18 proposed to exempt from the sales tax the sale of adult incontinence undergarments.

LD 20 **An Act to Prohibit the Taxing of Veterans' Pensions** **ONTP**

<u>Sponsor(s)</u> GAGNE	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 20 proposed to provide an income tax deduction for income attributable to a pension or compensation received due to the taxpayer's status as a veteran.

LD 56 **An Act to Repeal the Snack Tax** **DIED BETWEEN BODIES**

<u>Sponsor(s)</u> LABRECQUE MACKINNON	<u>Committee Report</u> OTP-AM MAJ ONTP MIN	<u>Amendments Adopted</u>
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LD 56 proposed to eliminate the sales tax on snack foods.

LD 62 **An Act to Exempt from the Sales Tax Nonprofit Organizations That Provide Assistance to Children with Dyslexia** **ONTP**

<u>Sponsor(s)</u> TREADWELL MITCHELL B	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 62 proposed to provide a sales tax exemption for incorporated nonprofit organizations that provide free clinical assistance to school-age children with dyslexia. Organizations that would have been covered by this bill were included in LD 379.

LD 63 **An Act to Exempt Leased Equipment from Sales Tax** **ONTP**

<u>Sponsor(s)</u> BRUNO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 63 proposed to exempt from the sales tax leases of machinery and equipment for use by the lessee directly and primarily in either the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or the production of tangible personal property pursuant to a contract with the United States Government.

LD 73 **An Act to Provide a State Income Tax Checkoff for Contributions to the Maine Veterans' Memorial Cemetery** **ONTP**

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

LD 73 proposed to provide an income tax checkoff for a contribution for the benefit of the Veterans' Memorial Cemetery.

LD 85 RESOLUTION, Proposing an Amendment to the Constitution of Maine ONTP
to Provide Tax Relief for Maine Citizens

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

LD 85 proposed a Constitutional amendment to allow the property taxes on certain homesteads to be frozen if the property owner is a Maine resident who is 65 years of age or older, occupies the homestead property and earns less than 110% of the poverty income level.

LD 94 An Act to Provide a Property Tax Abatement for a Residential Structure ONTP
Destroyed by Fire or Natural Disaster

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

LD 94 proposed to provide for a property tax abatement for a residential structure that is uninhabitable for at least one month due to fire or natural disaster. The abatement would be prorated based on the portion of the year that the structure is uninhabitable.

LD 96 An Act to Create a Civil Violation for the Misuse of a Sales Tax ONTP
Registration Certificate Number

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

LD 96 proposed to make it a civil violation to misuse a sales tax registration certificate, sales tax registration certificate number or exempt status to avoid the proper payment of sales tax.

LD 101 An Act to Provide a State Income Tax Deduction for Rent ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
AHEARNE PENDLETON	ONTP	

LD 101 proposed to create a state income tax deduction for rent paid by a person who earns less than \$25,700 and who uses the rental property as that person's dwelling. The deduction would be the lesser of the rent paid during the taxable year or

\$5,000 for a person who is filing a joint tax return or is a single parent with children or \$3,000 for a person filing a single tax return. The deduction would apply to tax years beginning January 1, 2000.

LD 102 **An Act to Change Eligibility for the Elderly Low Cost Drug Program** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
AHEARNE PENDLETON	ONTP	

LD 102 proposed to expand eligibility for the elderly low cost drug program to include individuals when at least 40% of the household income is spent on health care and the household income is not more than 25% above basic eligibility levels.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 115 **An Act to Amend the Elderly Low Cost Drug Program** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BERUBE MENDROS	ONTP	

LD 115 proposed to lower the income eligibility level for the elderly low cost drug program for households with more than one member. It would have required that the income limits for a single-member household apply to any applicant, regardless of the number of members in the household.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 120 **An Act to Include Investment in Agricultural Building Improvements in the Business Property Tax Reimbursement Program** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LONGLEY COWGER	ONTP	

LD 120 proposed to extend the benefits of the business equipment tax reimbursement (BETR) program to building improvements used for a trade or business activity related to agriculture.

LD 128 **An Act to Exempt Pregnancy Care Centers from the Sales Tax** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KIEFFER O'NEAL	ONTP	

LD 128 proposed to exempt from the sales tax sales to nonprofit organizations whose primary purpose is to educate women with unwanted pregnancies as to the life-saving alternatives available to those women.

LD 146 An Act to Exempt Pension and Retirement Benefits from the Maine Income Tax DIED BETWEEN BODIES

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

LD 146 proposed to exempt pension and retirement benefits over \$25,000 for individuals and \$44,000 for couples filing jointly from Maine income tax beginning January 1, 2000.

LD 161 An Act to Establish a Tax Credit for Day Care Facilities for Expenditures Required to Comply with the Lead Poisoning Control Act INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COLWELL GOLDTHWAIT	OTP-AM	

LD 161 proposed to establish a revolving loan fund administered by the Maine State Housing Authority for certain preschool facilities that are required to incur lead abatement expenses. The bill also proposed an income tax credit of up to \$1,000 for certain preschool facilities that incur expenditures for mandatory lead abatement.

Committee Amendment "A" (H-202) This amendment proposed to strike the provisions of the bill providing for a revolving loan program. The amendment established a definition for an "eligible facility" and clarified that the credit is a one-time credit and may not reduce tax liability below zero

LD 162 An Act to Make Minor Substantive Changes in the Tax Laws PUBLIC 521

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON HARRIMAN	OTP-AM	H-695 S-419 MICHAUD

LD 162 proposed to make minor substantive changes to various laws concerning taxation. The following changes were proposed:

<u>Section</u>	<u>Proposed change</u>
A-1	Expands eligibility for a refund or credit of taxes
A-2	Eliminates penalty for failure to file if the tax due is \$25 or less

Closes a loophole in the penalty for failure to file in situations where a “demand to file” notice is sent.

- A-3 Extends penalty for “failure to pay” to assessments as well as amounts stated on returns
- A-4, A-6 Eliminates the sales tax on sales of printed materials for distribution to customers outside the state
- A-8
- A-5 Changes the reference to federal law in the sales tax exemption for certain farm credit organizations
- A-7 Changes the treatment under the estate tax of property held in trust
- B-1, B-6, Change the calculation of business-related income tax credits for equipment placed in service in
- B-7 Maine, employment in Maine and research conducted in Maine
- B-2, B-9 Codify minimum taxability thresholds for nonresidents that were previously contained in Rules
- B-3 to B- Eliminate double taxation on corporations in the case of state tax refunds
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- B-8 Provides flow-through income tax credit for beneficiaries of estates and trusts
- B- 10 Changes statute of limitations on filing an income tax refund request to 3 years from the later of when the return was originally filed or when the tax was paid.
- B-11 Provides that Part B changes apply to tax years beginning on or after January 1, 1996.

Committee Amendment "A" (H-695) proposed the following changes in the bill:

- A-1 Deleted as unnecessary
- A-5 Deleted as not legally supportable
- New Eliminates requirement of automatic calculation of income tax liability attributable to use tax
- A-7 Clarifies language in original bill relating to application of estate tax to property in trust
- New Provides conformity with federal credits and deductions for long term care costs and insurance

Senate Amendment "A" to Committee Amendment "A" (S-419) proposed to add 4 sections to the bill that were inadvertently omitted from the Committee Amendment to L.D. 1277, An Act Concerning Technical Changes to the Tax Laws. These 4 sections would have permitted the Governor to designate a person to approve abatements, clarify that purchases that are exempt from the sales tax must be used primarily in the activity identified by the applicable exemption provision and establish administrative procedures to ensure compliance.

Enacted law summary

Public Law 1999, chapter 521 makes the following changes:

- Part A • Eliminates the penalty for “failure to file” if the tax due is \$25 or less

- Closes a loophole in penalty for “failure to file” in situations where “demand to file” notice is sent.
 - Extends penalty for “failure to pay” to assessments as well as amounts stated on returns
 - Eliminates the sales tax on sales of printed materials for distribution to customers outside the state
 - Changes the treatment under the estate tax of property held in trust
 - Changes the calculation of business-related income tax credits for equipment placed in service in Maine, employment in Maine and research conducted in Maine
 - Permits the Governor to designate a person to approve abatements
 - Clarifies that purchases that are exempt from sales tax must be used primarily in the activity identified by the applicable exemption provision
- Part B
- Codifies minimum taxability thresholds for nonresidents that were previously contained in Rules
 - Eliminates double taxation on corporations in the case of state tax refunds
 - Provides flow-through income tax credit for beneficiaries of estates and trusts
 - Changes statute of limitations on filing an income tax refund request to 3 years from the later of when the return was originally filed or when the tax was paid.
 - Provides that Part B changes apply to tax years beginning on or after January 1, 1996.
- Part C
- Provides conformity with federal credits and deductions for long term care costs and insurance

LD 163

An Act to Eliminate the Marriage Penalty under the Income Tax Laws

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACK DAVIS P	ONTP	

LD 163 proposed to provide an income tax standard deduction for married persons filing joint returns and surviving spouses that would be twice the amount for persons filing as single individuals or married persons filing separately. The standard deduction for heads of households would be 150% of the amount for single individuals.

LD 166

An Act to Amend the Public Property Tax Exemption

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O’GARA MACK		

LD 166 proposed to exclude certain property of public water districts from exemption from property tax. The property covered includes water treatment plants, water filtration plants, water ozonization plants and the fixtures and property of those plants. The issue addressed in this bill is the subject of a law suit involving the Portland Water District and the Town of Standish.

This bill was carried over to the Second Regular Session.

LD 174 **An Act to Modify the Eligibility Standards for Medicaid and Elderly Low-Cost Drug Programs by Discounting the Amount Spent for Prescription Drugs from the Computation of Eligible Income** **ONTP**

<u>Sponsor(s)</u> RUHLIN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 174 proposed to expand eligibility for the elderly low cost drug program by excluding from household income amounts spend on unreimbursed direct medical expenses for prescription drugs. The bill also proposed to require the Department of Human Services to adopt a rule that would require eligibility for the Medicaid program to be determined by allowing a deduction from income for unreimbursed medical expenses for prescription drugs.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 176 **An Act to Provide Certain Small Businesses a Tax Credit Against Health Care Costs** **ONTP**

<u>Sponsor(s)</u> MACKINNON MACDOUGALL	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 176 proposed to provide an income tax credit for businesses that provide health insurance benefits for full-time employees and their dependents and that have fewer than 50 employees. The credit would have been equal to 25% of the costs of providing the health insurance.

LD 177 **An Act to Extend the Tree Growth Plan Filing Deadline** **ONTP**

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 177 proposed to amend the Maine Tree Growth Tax Law by extending the deadline from April 1, 1999 to April 1, 2001 for filing a sworn statement that a forest management and harvest plan has been prepared. (See LD 897)

LD 182 **An Act to Eliminate Duplicate Benefits from the Tax Increment Financing and Business Equipment Reimbursement Programs** **ONTP**

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP MAJ OTP-AM MIN	<u>Amendments Adopted</u>
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LD 182 proposed to prohibit reimbursement of property taxes under the business equipment tax reimbursement program if the taxes also are reimbursed under a tax increment financing district agreement.

LD 183 **An Act to Exempt Food and Lodging Property from the Business Equipment Tax Reimbursement Program** **ONTP**

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

LD 183 proposed to exempt certain property used primarily for providing food and lodging from reimbursement under the business equipment tax reimbursement, or "BETR," program.

LD 184 **An Act to Exempt Retail Store Property from the Business Equipment Tax Reimbursement Program** **ONTP**

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

LD 184 proposed to exempt property that is used primarily for the distribution, presentation or sale of retail goods from reimbursement under the business equipment tax reimbursement, or "BETR", program.

LD 192 **An Act to Exempt Articles of Clothing Costing Less than \$200 from the Sales Tax** **ONTP**

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

LD 192 proposed to exempt clothing having a taxable value of less than \$200 per item from the sales tax.

LD 193 **An Act to Eliminate the Sales Tax on Textbooks** **ONTP**

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

LD 193 proposed to exempt from the sales tax textbooks or text substitutes purchased for use by a student.

LD 212 **An Act to Increase the Property Tax Exemptions for a Parsonage** **DIED BETWEEN BODIES**

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

LD 212 proposed to increase the property tax exemption for a parsonage from \$20,000 to \$100,000 for real property and from \$6,000 to \$50,000 for personal property.

LD 213 An Act to Exempt Sales of Clothing From Tax for One Week in August ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO	ONTP	

LD 213 proposed an exemption from the sales tax for purchases of items of clothing with a value of \$50 or less during the 3rd week of August.

LD 223 An Act to Release Estate Tax Liens on Certain Real Estate PUBLIC 38

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAVERDIERE	OTP	H-54 GAGNON

LD 223 proposed to release estate tax liens that attached to real property sold by a personal representative, trustee or surviving joint tenant prior to September 30, 1989, so that all property sales since the effective date of the estate tax will be treated the same for purposes of the estate tax lien. The bill would only affect liens that attached, as a result of statutory changes in 1988 and 1989, during the period from August 4, 1988 to September 29, 1989, but not before or after that time period.

House Amendment “A” (H-54) proposed to clarify the language of the bill.

Enacted Law Summary

Public Law 1999, chapter 38 released estate tax liens that attached to real property sold by a personal representative or surviving joint tenant prior to September 30, 1989, so that all property sales since the effective date of the estate tax will be treated the same for purposes of the estate tax lien. The law only affects liens that attached, as a result of statutory changes in 1988 and 1989, during the prior from August 4, 1988 to September 29, 1989, but not before or after that time period.

LD 226 An Act to Decrease Individual Income Tax by 20% ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN BENNETT	ONTP	

LD 226 proposed to create revenue targets for the individual income tax. If individual income tax revenues exceeded the targets, the State Tax Assessor would be required to reduce the income tax rates by an amount based upon the excess revenue until there has been a 20% reduction from current tax rates.

LD 239 **An Act to Amend the Maine Tree Growth Tax Law** **ONTP**

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

LD 239 proposed to remove from participation in the Maine Tree Growth Tax Law any forest land that is owned by a public municipal corporation that is located outside the limits of that public municipal corporation.

LD 251 **An Act to Increase the Snowmobile Trail Fund** **ONTP**

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

LD 251 proposed to increase from .5% to 1.0% the amount set aside from the excise tax on internal combustion fuel for the Snowmobile Trail Fund and the Department of Inland Fisheries and Wildlife.

LD 254 **An Act to Exempt Children's Clothing from Sales Tax** **ONTP**

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

LD 254 proposed to exempt clothing in children’s sizes from the sales tax.

LD 262 **An Act to Amend the BETR Program Regarding Reimbursement and Eligibility** **INDEF PP**

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

LD 262 proposed to amend the business equipment tax reimbursement (BETR) program to limit reimbursement to the taxes paid on 90% of the value of the eligible property. It also proposed to reduce the number of years that eligible property is subject to reimbursement from 12 years to 10 years.

LD 263 **An Act to Increase the Cigarette Tax 63 Cents Per Pack** **INDEF PP**

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

LD 263 proposed to increase the cigarette tax by 31.5 mills per cigarette or 63 cents per 20-cigarette pack.

LD 279 **An Act to Adjust the Taxation of Public Pensions** **ONTP**

<u>Sponsor(s)</u> FULLER DAGGETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 279 proposed to provide an income tax deduction of 40% of state and federal retirement pension benefits to the extent included in federal adjusted gross income. See LD 1268.

LD 283 **An Act to Protect Municipalities from Property Tax Loss when Land is Acquired by the State** **DIED BETWEEN BODIES**

<u>Sponsor(s)</u> CARR KIEFFER		<u>Committee Report</u> ONTP MAJ OTP-AM MIN		<u>Amendments Adopted</u>
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LD 283 proposed to require the State to reimburse municipalities and the unorganized territory for property tax revenue lost as a result of the State acquiring land or interests in land after October 1, 1999.

LD 285 **An Act to Amend the Required Sales Tax on the Purchase of Firearms** **ONTP**

<u>Sponsor(s)</u> WHEELER G		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 285 proposed to provide that the sales tax due on the sale of a firearm is calculated on the difference between the sale price and the value of any firearm that is traded in on that purchase.

LD 291 **An Act to Provide a State Income Tax Credit for the Costs of Health Insurance Paid by Individuals** **ONTP**

<u>Sponsor(s)</u> MAYO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 291 proposed to establish a state income tax credit for up to 50% of the health insurance premiums paid by individuals.

LD 297 **An Act to Exempt Capital Gains from the Maine Income Tax** **CARRIED OVER**

<u>Sponsor(s)</u> BUCK	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 297 proposed to exempt from state taxation all income derived from capital gains for individuals and corporations.
This bill was carried over to the Second Regular Session.

LD 317 An Act to Exclude Retail Stores from Participation in Tax Increment Financing Districts ONTP

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP MAJ OTP MIN	<u>Amendments Adopted</u>
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LD 317 proposed to exclude property used for retail purposes from a tax increment financing district.

LD 318 An Act to Allow Counties to Retain a Larger Share of the Real Estate Transfer Tax INDEF PP

<u>Sponsor(s)</u> GOLDTHWAIT MADORE	<u>Committee Report</u> OTP-AM MAJ ONTP MIN	<u>Amendments Adopted</u>
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LD 318 proposed to increase the portion of the real estate transfer tax that is retained by the county by 3% each year for 5 years to a maximum of 25%.

LD 328 An Act to Establish Parity in Property Taxation for Commercial Dairy Farmers ONTP

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP MAJ OTP-AM MIN	<u>Amendments Adopted</u>
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LD 328 proposed to provide a 50% property tax rebate to commercial dairy farms.

LD 329 An Act to Exclude Food and Lodging Establishments from Participating in Tax Increment Financing Districts ONTP

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 329 proposed to exclude property used for the provision of food and lodging to the public from a tax increment financing district.

LD 340 **An Act to Reduce the Property Taxes on Old Business Equipment** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN AMERO	ONTP	

LD 340 was a concept draft that proposed to reduce the property tax that is levied on business equipment by basing the tax on the life expectancy of the equipment. The tax would be phased out over a 5-year period by decreasing the amount due by 20% of the original amount each year.

LD 345 **An Act to Amend the Laws Regarding the Taxation of Certain Automotive Parts** **DIED BETWEEN BODIES**

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

LD 345 proposed to permit a sales tax trade-in credit or refund for the amount allowed on a used automotive core traded in when purchasing another automotive core or returned for credit after the purchase.

LD 355 **An Act to Provide Tax Relief to Working Parents and Guardians of Children in Day Care** **ONTP**

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

LD 355 proposed to provide an income tax deduction for the total amount paid for child care during working hours. The deduction would have been an alternative to, but not in addition to, the current child care credit which is equal to 25% of the federally-allowed child care credit.

LD 356 **An Act Relating to the Sales Tax Treatment of Certain Rentals and Leases** **PUBLIC 516**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON CAREY	OTP-AM	H-677

LD 356 proposed to change the sales tax treatment of rentals of audio equipment and furniture so that the rental transaction would be subject to sales tax and the purchase of the equipment or furniture by the rental business would not.

Committee Amendment "A" (H-677) proposed to add a definition of "furniture" and provide that the change in treatment of rentals of furniture and audio tapes or equipment does not apply to rental-purchase agreements entered into before October 1, 1999.

The amendment also proposed to provide that a manufacturer does not lose the benefit of the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The amendment would provide that the exemption also extends to the sale of the machinery or equipment to the bank or leasing company.

Enacted law summary

Public Law 1999, chapter 516 changes the sales tax treatment of rentals of audio equipment and furniture so that the rental transaction is subject to sales tax and the purchase of the equipment or furniture by the rental business is not. It also provides that a manufacturer does not lose the benefit of the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The exemption also extends to the sale of the machinery or equipment to the bank or leasing company.

LD 372 An Act to Roll Back All Sales Tax to 5% ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MENDROS BENNETT	ONTP	

LD 372 proposed to reduce the sales tax to 5% on all taxable items and retain the trigger mechanism providing for 1/2 cent reductions in the sales tax if General Fund revenues exceed those of the previous fiscal year by 8% or more on a base-to-base comparison.

LD 377 An Act to Facilitate Compliance with the Federal Communications Act of 1996 INDEF PP

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

LD 377 proposed to exempt from sales and use tax the initial purchase of equipment needed for digital over-the-air broadcasting. This exemption would have applied only to the initial capital investments for digital broadcasting equipment, and would not have applied to the purchase of repair or replacement equipment or parts once the transition to digital broadcasting was completed.

Committee Amendment "A" (S-175) was the majority report of the Joint Standing Committee on Taxation. This amendment proposed that digital radio and television eligible for a sales tax exemption under the bill would not be eligible for reimbursement of business personal property taxes. The amendment proposed that the sales tax exemption be repealed in 2006 or when digital television receivers reached 85% of the consumer market. The amendment also required periodic reports from the State Tax Assessor.

LD 379 An Act to Provide Tax-exempt Status to Organizations That Teach Reading PUBLIC 485

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM	H-647

LD 379 proposed to exempt from the sales tax sales to nonprofit literacy organizations.

Committee Amendment "B" (H-647) proposed to clarify the language of the provision included in the original bill and include certain organizations providing free clinical assistance to children with dyslexia.

Enacted law summary

Public Law 1999, chapter 485 exempts from sales tax sales to incorporated, nonprofit organizations or their affiliates whose purpose is to provide literacy assistance or free clinical assistance to children with dyslexia.

LD 386 **An Act to Equalize the Taxation Treatment of Health Insurance Companies and Health Maintenance Organizations** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL J LAFOUNTAIN	ONTP	

LD 386 proposed to make for-profit health maintenance organizations subject to the insurance premium tax. It also proposed to require that the tax revenue generated from the taxation of health maintenance organizations be divided between the elderly low-cost drug program and the Cub Care program. See also LD 1947, referred to the Joint Standing Committee on Banking and Insurance.

See also the "Part 2" budget bill, PL 1999, chapter 401, Parts QQ and KKK.

LD 403 **An Act to Allow a One-time Double Exemption for Income Tax Filers Who Adopt a Dependent Child** **DIED BETWEEN BODIES**

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

LD 403 would have entitled a resident individual to claim a one-time additional income tax exemption for a dependent minor child whose adoption was finalized during the taxable year..

LD 410 **An Act to Reduce the Sales Tax to 5%** **ONTP**

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

LD 410 proposed to reduce the sales tax to 5%, effective October 1, 1999 and retain the sales tax trigger.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part X.

LD 412

**An Act to Include Property in a Tax Increment Financing District
Approved after October 1, 1999 in a Municipality's State Valuation for
Purposes of Education Funding**

ONTP

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

LD 412 proposed to provide that property in a tax increment financing district would be included in state valuation for purposes of calculating and distributing state education funding.

LD 414

**An Act to Allow a Municipality to Request a Joint Check from the
Circuit Breaker Program in the Event of Nonpayment of Taxes**

ONTP

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

LD 414 proposed to permit a municipality to request that a check issued in payment of a claim under the Maine Residents Property Tax Program be issued payable jointly to the claimant and to the municipality if a tax lien has been filed by the municipality in the registry of deeds on the property that is the basis of the claim. A municipality that requested a joint check would have been required to provide annually a list of all liens against homestead property to the Bureau of Revenue Services.

LD 415

**An Act to Limit a Property Owner's Tax Liability to the Time Prior to
Sale of the Property**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN LEMONT	ONTP	

LD 415 proposed to limit a property owner's tax liability for real estate and personal property to the prorated share on the date of transfer.

LD 417

**An Act to Reduce the Threshold at which the State Sales Tax is
Automatically Reduced**

ONTP

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

LD 417 would have changed the trigger for a 1/2% reduction in the sales tax from an 8% increase in General Fund revenues on a base-to-base comparison to 5% increase in General Fund revenues on a base-to-base comparison. The bill would also have made technical changes to reflect the reduction of the sales tax from 6% to 5 1/2% on October 1, 1998.

LD 418 **An Act to Reduce the Meals and Lodging Tax to the Same Rate as the State Sales Tax** **ONTP**

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

LD 418 proposed to reduce the sales tax on meals and lodging to the general sales tax rate of 5.5%.

LD 422 **An Act to Amend the Laws Regarding when A Merchant Must Remit Sales Tax** **PUBLIC 471**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GREEN KILKELLY	OTP-AM MAJ OTP-AM MIN	H-394

LD 422 proposed to allow a supplier or provider of taxable materials or services in the construction trades to pay taxes when the supplier or provider is actually paid for the taxable sale but no later than 3 years after the sale rather than at the time of sale.

Committee Amendment "B" (H-394), the minority report of the Committee, proposed to replace the bill and repeal the provision of the sales and use tax law that requires estimated payments of sales and use tax.

Enacted law summary

Public Law 1999, chapter 471 repeals the provision of the sales and use tax law that requires estimated payments of sales and use tax by retailers with sales and use tax liability exceeding \$250,000 in the preceding calendar year.

LD 434 **An Act to Increase Accessibility to the Elderly Low-cost Drug Program** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GERRY BERUBE	ONTP	

LD 434 proposed to change the eligibility levels for the elderly low-cost drug program to grant eligibility to single-person households with an annual income up to \$13,500 and households of 2 or more members with an annual income up to \$15,000. Health-related costs for prescriptions, medical supplies and health insurance would be deducted from income in determining eligibility.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part KKK.

LD 440 **An Act to Exempt Business Equipment Used by Christmas Tree Farmers from the Sales Tax** **ONTP**

<u>Sponsor(s)</u> WHEELER E	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 440 proposed to exempt business equipment used by Christmas tree farmers from the sales tax.

LD 456 An Act to Ensure Consistency between Federal and State Estate Tax Laws ONTP

<u>Sponsor(s)</u> MACK BENNETT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 456 proposed to repeal the Maine estate tax if the federal credit for state estate taxes is repealed.

LD 458 An Act to Ensure Fair Taxation of Insurance and Securities Sales ONTP

<u>Sponsor(s)</u> MAYO KIEFFER	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 458 proposed to subject Maine net income derived from sales of insurance and securities to state income tax rather than the franchise tax on financial institutions regardless of whether the income is attributable to a financial institution or affiliated group subject to the franchise tax.

LD 460 An Act to Provide Sales Tax Relief on Purchases of Clothing ONTP

<u>Sponsor(s)</u> BUCK	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 460 proposed to provide a sales tax exemption for purchases of clothing during the 3rd full week of November.

LD 479 An Act Regarding the Taxation of Natural Gas in a Gas Pipeline ONTP

<u>Sponsor(s)</u> KILKELLY RINES	<u>Committee Report</u> ONTP MAJ OTP MIN	<u>Amendments Adopted</u>
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LD 479 proposed to remove the property tax exemption for natural gas held for resale in a natural gas pipeline in the State.

LD 485

An Act to Exempt Military Retirees from State Income Taxes

**DIED BETWEEN
BODIES**

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

LD 485 proposed to exempt military retirement benefits from the Maine income tax. Also see LD 1268.

LD 489

An Act to Change the Homestead Exemption to 7% of Just Value

ONTP

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

LD 489 proposed to change the Maine resident homestead property exemption from \$7,000 per homestead to 7% of the just value of the homestead.

LD 508

An Act to Exempt Clothing from the Sales Tax

ONTP

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

LD 508 proposed to exempt sales of clothing from the sales tax.

LD 519

An Act to Eliminate the Local Property Tax on Homes for Individuals 65 Years of Age or Older

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRIPP KILKELLY	ONTP	

LD 519 proposed to exempt from taxation property containing a principal dwelling and up to 10 contiguous acres owned and occupied by a citizen of this State who is at least 65 years of age and a permanent resident of this state and if all adults domiciled with that person are at least 65 years of age.

LD 521

An Act to Decrease the Mahogany Quahog Tax from \$1.20 per Bushel to \$.40 per Bushel

ONTP

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

LD 521 proposed to lower the amount of tax on mahogany quahogs from \$1.20 per bushel to 40¢ per bushel and dedicate the money collected to quahog industry for research, sales and health purposes.

LD 534 **An Act to Bring Equity to the Vehicle Excise Tax** **ONTP**

<u>Sponsor(s)</u> KILKELLY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 534 proposed to change the method of computing the excise tax that is levied on motor vehicles and campers by requiring that the excise tax for all motor vehicles and campers be based upon the purchase price of the vehicle rather than the maker's list price.

LD 542 **An Act to Increase the Income Eligibility Limits for the Elderly Low Cost Drug Program** **ONTP**

<u>Sponsor(s)</u> FRECHETTE MURRAY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 542 proposed to increase by 25% the income eligibility limitations for the elderly low cost drug program.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part KKK.

LD 544 **An Act to Value Homestead Exemption Farm Land at Current Use** **CARRIED OVER**

<u>Sponsor(s)</u> GREEN KILKELLY		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 544 proposed to require a tax assessor, for the purpose of a homestead property tax exemption, to value agricultural land based on the land's current use. The bill was intended to establish a current use valuation for agricultural land.

This bill was carried over to the Second Regular Session. Review of LD 544 was included in a wider review of issues related to land development pressures. See LD 304, enacted as Resolve 1999, chapter 63, in bill summaries for State and Local Government Committee.

LD 545 **An Act to Increase the Homestead Tax Exemption** **ONTP**

<u>Sponsor(s)</u> LOVETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 545 proposed to increase the homestead exemption from \$7,000 to \$20,000.

LD 572 **An Act to Amend the Veterans' Property Tax Exemption** **ONTP**

<u>Sponsor(s)</u> GERRY BENNETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 572 proposed to increase property tax exemptions for veterans and their survivors by \$2,000 and to eliminate just value as the basis for the exemption

LD 579 **An Act to Encourage Contributions to Family Development Account Reserve Funds** **PUBLIC 475**

<u>Sponsor(s)</u> KONTOS MURPHY E		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-84
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LD 579 proposed to create an income tax credit of up to \$25,000 for taxpayers who make contributions to family development account reserve funds.

Committee Amendment "A" (S-84) replaced the original bill. The amendment clarified the intent of the original bill by correcting references to the agency administering family development reserve accounts, providing that only one credit may be claimed by return, ensuring that a contribution eligible for a credit may not also be eligible for an itemized deduction, providing that the credit is not refundable and providing an application date of January 1, 2000. The amendment also proposed to update references in the statutes to periodic statutory review of income tax expenditures.

Enacted law summary

Public Law 1999, chapter 475 creates an income tax credit of up to \$25,000 for taxpayers who make contributions to family development account reserve funds.

LD 582 **An Act to Increase Income Tax Credit for Child Care Expenses** **ONTP**

<u>Sponsor(s)</u> DOUGLASS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 582 proposed to increase the income tax credit for child care expenses from 25% to 50% of the federal tax credit allowable for child and dependent care expenses.

LD 587 **An Act to Ameliorate Penalties for Late Filing of Municipal Tax Returns** **PUBLIC 487**

Sponsor(s)
MILLS

Committee Report
OTP-AM

Amendments Adopted
S-49

LD 587 proposed that a penalty be imposed on a municipality, to be deducted from any state funds otherwise payable to the municipality, if the municipality files late the annual return and lists required by the Maine Revised Statutes, Title 36, section 383. The penalty for municipalities with a population of less than 2,000 would be \$50 for the first late day and \$10 for each day thereafter. The penalty for municipalities with a population of more than 2,000 would be \$100 for the first day and \$20 for each late day thereafter.

Committee Amendment "A" (S-49) proposed that the penalty established be deducted only from reimbursement due the municipality or primary assessing area under the Tree Growth Tax Law and be limited to the amount of that reimbursement..

Enacted law summary

Public Law 1999, chapter 487 provides a penalty for late filing of annual municipal valuation returns and lists. The penalty is deducted from any reimbursement the municipality is due under the Tree Growth Tax Law and, for municipalities with a population of 2,000 or less, is \$50 for the first late day and \$10 for each day thereafter. For municipalities with a population of more than 2,000 the penalty is \$100 for the first late day and \$20 for each day thereafter.

LD 597

An Act to Allow Certain Companies' Operations that Started in 1996 to Qualify for Employment Tax Increment Financing Treatment

P & S 46

Sponsor(s)
MURRAY
SAXL J

Committee Report
OTP-AM

Amendments Adopted
S-50

LD 597 proposed to permit a business to use 1995 base data for the employment tax increment program if the business's application for the program was not approved before December 31, 1996 because of delays in fully implementing the program and the program was fundamental to the business's decision to invest. Only one business is known to fall into this category.

Committee Amendment "A" (S-50) added a fiscal note to the bill.

Enacted law summary

Private and Special Law 1999, chapter 46 permits a business to use 1995 base data for the employment tax increment program if the business's application for the program was not approved before December 31, 1996 because of delays in fully implementing the program and the program was fundamental to the business's decision to invest.

LD 609

An Act to Repeal All State Taxes on Phone Service

ONTP

Sponsor(s)
KASPRZAK
PENDLETON

Committee Report
ONTP

Amendments Adopted

LD 609 proposed to exempt local and intrastate interexchange telephone service from the sales and use tax.

LD 628 **An Act to Eliminate the Vehicle Excise Tax** **ONTP**

<u>Sponsor(s)</u> TRIPP		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 628 proposed to repeal the excise tax that is levied on motor vehicles and camper trailers.

LD 633 **An Act to Amend the Distribution of Revenue Sharing** **ONTP**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 633 proposed to change the formula for distribution of state-municipal revenue sharing to distribute a greater share to municipalities with higher mill rates.

LD 636 **An Act to Exempt a Portion of the Sales Tax on Automobiles** **ONTP**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 636 proposed to exempt from the sales tax the first \$3,000 of the sales price of an automobile.

LD 652 **Resolve, to Exempt Appliances and Clothing from Sales Tax for One Week** **ONTP**

<u>Sponsor(s)</u> MACKINNON MURPHY E		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 652 proposed to establish a sales tax exemption during the week after Thanksgiving 1999 for all household appliances and articles of clothing, including footwear.

LD 671 **An Act to Exempt from State Income Tax Previously Taxed Contributions to an Individual Retirement Account** **ONTP**

<u>Sponsor(s)</u> LIBBY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 671 proposed to exempt from Maine income tax any contribution to an individual retirement account made by the taxpayer that was previously taxed by another jurisdiction.

LD 673 **An Act to Reduce Sales Tax on Residential Electric Bills** **ONTP**

<u>Sponsor(s)</u> DOUGLASS CLARK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 673 proposed to increase the amount of residential electricity exempt from the sales tax from 750 kilowatt hours to 940 kilowatt hours a month.

LD 676 **An Act to Increase the Standard Deduction for Maine Income Tax to Help Working Families** **ONTP**

<u>Sponsor(s)</u> DOUGLASS CLARK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 676 proposed to increase the income tax standard deduction by \$1,000.

LD 680 **An Act to Cut the Gasoline Tax by 5 Cents Per Gallon** **ONTP**

<u>Sponsor(s)</u> MACK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 680 proposed to reduce the gasoline tax from 19¢ per gallon to 14¢ per gallon.

See also LD 957, the “Part 2” Highway Fund budget bill, Public Law 1999, chapter 473.

LD 691 **An Act to Require Sellers of Property to Notify Purchasers of Tax Due** **ONTP**

<u>Sponsor(s)</u> DAIGLE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 691 proposed to require a seller of real estate to give written notice to the purchaser of the remaining amount of property tax due if the taxes are not paid at the time of closing.

LD 707 **An Act to Exempt from Income Tax Pension Income Earned Outside of the State** **ONTP**

<u>Sponsor(s)</u> KASPRZAK LIBBY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 707 proposed to provide an income tax deduction for pension income from employment outside the State.

LD 726 **An Act to Increase the Homestead Exemption** **ONTP**

<u>Sponsor(s)</u> SULLIVAN DAGGETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 726 proposed to increase the homestead exemption from \$7,000 to \$10,000.

LD 731 **An Act to Exclude the Purchase and Lease of Telecommunications and Internet Equipment from Sales and Use Tax** **ONTP**

<u>Sponsor(s)</u> MURPHY T		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 731 proposed to exempt from sales or use tax the sale or lease of telecommunications equipment to a provider of telecommunications service and the sale or lease of computer or computer network equipment to a commercial Internet service provider.

LD 753 **An Act to Amend the Homestead Exemption to Include Homeowners' Cooperatives** **ONTP**

<u>Sponsor(s)</u> LAWRENCE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 753 proposed to allow persons whose permanent residence is part of an affordable cooperative housing corporation to qualify for the homestead exemption.

LD 789 **An Act to Reduce the Amount of Property Acquired by Municipalities for Nonpayment of Property Tax** **ONTP**

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 789 proposed to reduce the amount of residential property acquired by municipalities for nonpayment of taxes by establishing procedures for the development of payment plans both before and after residential property is acquired by a municipality if the person who is delinquent in payment of taxes or that person's surviving spouse continues to reside on the property. Municipalities would be required to establish procedures for payment plans and to notify persons who are delinquent of those procedures and the availability of property tax relief programs. The municipality would be permitted to set off against delinquent taxes amounts owed by the municipality to the person who is delinquent. A former owner or the former owner's surviving spouse would be permitted to buy back the property by payment of delinquent taxes, interest and costs at any time before the property is sold to a 3rd party. Municipalities that sell tax-acquired property would be required to pay the funds received in excess of delinquent taxes, interest and costs to the former owner or the former owner's surviving spouse or heirs.

LD 800

An Act to Create a Tax Credit for Licensing Fees Paid for the Use of University Patents on Wood Fiber Reinforced Products

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS NUTTING J	OTP-AM	S-238

LD 800 proposed to provide an income tax credit equal to the amount paid as licensing fees to the University of Maine System for use of patents on wood fiber reinforced products. The credit would be nonrefundable and could be carried forward 5 years.

Committee Amendment "A" (S-238) proposed to expand the credit to cover license fees paid to the University of Maine System on intellectual property that is the product of technology research and development. The amendment also provided for apportionment of the credit among affiliated corporations and provided an application date of January 1, 2000.

This bill was indefinitely postponed off the Appropriations Table.

LD 808

An Act to Amend the Homestead Exemption Law

CARRIED OVER

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

LD 808 proposed to increase the amount of the homestead property tax exemption from \$7,000 to \$7,500. It also proposed to expand the exemption to include property in the possession of an applicant pursuant to a bond for a deed contract and property that would otherwise qualify except that the title to the property has been transferred to the applicant's children without the benefit of a life estate if the applicant is in possession of the property and the property is the applicant's principal residence.

This bill was carried over to the Second Regular Session.

LD 809

An Act to Create a Local Option Sales and Use Tax

CARRIED OVER

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

LD 809 proposed to allow a municipality to create a local option sales and use tax.

This bill was carried over to the Second Regular Session.

LD 817

An Act to Require 90% of Estate Taxes Collected in Counties to Remain in the County Where Collected

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODWIN CASSIDY	ONTP	

LD 817 proposed to require that 90% of estate taxes be paid to the county where the decedent's property was located and used to reduce the county tax rate.

LD 832 An Act to Reduce the Sales Tax and Review All Tax-exempt Entities ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODWIN CASSIDY	ONTP	

LD 832 proposed to reduce to 5% the general sales tax and the sales tax on liquor and food sold in licensed establishments. The bill would also have required every organization that is now exempt from the sales tax to reapply to the Bureau of Revenue Service within 120 days or lose exempt status.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part X.

LD 841 An Act to Exempt All Business Equipment from Property Tax ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KASPRZAK CAREY	ONTP	

LD 841 proposed to provide a property tax exemption for all business property and repeal the business equipment tax reimbursement (BETR) program that reimburses taxpayers for property taxes paid on business property first placed in service after April 1, 1995.

LD 858 An Act to Increase Eligibility for the Elderly Low-cost Drug Program ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCNEIL AMERO	ONTP	

LD 858 proposed to expand eligibility for the elderly low-cost drug program to 185% of the federal poverty line. It also proposed to extend eligibility to households that spend at least 25 % of their income on unreimbursed direct medical expenses for prescription drugs and whose incomes do not exceed 25% more than standard eligibility levels.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 883 **An Act to Increase the Premium on Liquor** **ONTP**

<u>Sponsor(s)</u> GREEN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 883 proposed to raise by 50% the alcohol premium tax imposed on the sale of malt beverages, wine and spirits.

LD 890 **An Act to Amend the Captive Insurance Company Laws with Respect to Taxation** **ONTP**

<u>Sponsor(s)</u> DUDLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 890 proposed to tax Maine's captive insurance companies at the lower rate imposed on foreign captive insurance companies.

LD 895 **An Act to Streamline Sales and Use Tax Reporting** **ONTP**

<u>Sponsor(s)</u> SNOWE-MELLO FERGUSON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 895 proposed to permit retailers with multiple locations who use separate sales tax registration numbers to file consolidated sales tax reports and remittances. The bill proposed raising the amount of sales requiring estimated reporting from \$250,000 to \$325,000 per registered retailer, and it would have required the Bureau of Revenue Services to make available an electronic spreadsheet reporting format.

LD 897 **An Act to Extend the Management Plan Requirement for Forest Owners under the Maine Tree Growth Tax Law** **PUBLIC 33
EMERGENCY**

<u>Sponsor(s)</u> GOOLEY MILLS		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-61 S-26 MICHAUD
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LD 897 proposed to extend the date by which an owner of land classified under the tree growth tax law is required to prepare a forest management and harvest plan from April 1, 1999 to December 31, 1999.

Committee Amendment "A" (H-61) proposed to allow owners of land classified under the tree growth tax law until December 31, 2000 to file a sworn statement that a forest management plan has been prepared for the land or the land will be withdrawn from tree growth classification. A landowner whose land was subject to classification on September 30, 1989 would be subject to a \$100 penalty if the landowner does not submit to the municipal assessor or the State Tax Assessor for parcels in the unorganized territory by December 31, 1999 either a sworn statement that a forest management plan has been completed or evidence that the landowner has executed a contract with a licensed forester for completion of a forest

management plan by December 31, 2000. The amendment also deletes obsolete language and adds a state mandate preamble and a fiscal note to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-26) proposed to remove the General Fund appropriation requested by the Bureau of Revenue Services to fund the additional costs that will be incurred by the bureau.

Enacted law summary

Public Law 1999, chapter 33 allows owners of land classified under the Maine Tree Growth Tax Law until December 31, 2000 to file a sworn statement that a forest management plan has been prepared for the land or the land will be withdrawn from tree growth classification. A landowner whose land was subject to classification on September 30, 1989 is subject to a \$100 penalty if the landowner does not submit to the municipal assessor or the State Tax Assessor for parcels in the unorganized territory by December 31, 1999 either a sworn statement that a forest management plan has been completed or evidence that the landowner has executed a contract with a licensed forester for completion of a forest management plan by December 31, 2000. Chapter 33 was enacted as an emergency measure effective March 29, 1999.

LD 910 An Act to Amend the Tax Law Regarding Tax Liability of Innocent or Injured Spouses PUBLIC 526

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAND GAGNON	OTP-AM	S-173 S-466 RUHLIN

LD 910 proposed to permit the State Tax Assessor to relieve a spouse of income tax liability under a joint return if the spouse did not know or had no reason to know that there was a substantial understatement of tax liability, it would be inequitable to hold the innocent spouse liable for the deficiency resulting from the understatement and the income tax liability exceeds 20% to 25% of the spouse's adjusted gross income..

Committee Amendment "A" (S-173) proposed to provide the State Tax Assessor with discretionary authority to relieve the income tax liability of innocent or injured spouses who meet the qualifications for relief for federal income tax purposes. Innocent spouses would be entitled to relief if there was a substantial understatement of tax attributable to grossly erroneous tax items of the other spouse and the spouse requesting relief had no reason to be aware of the understatement. An injured spouse is entitled to relief from offset against a refund due to the obligation of a debtor spouse.

Senate Amendment "A" to Committee Amendment "A" (S-466) proposed to delay the effective date of the bill as amended by the committee amendment until October 1, 2000.

Enacted law summary

Public Law 1999, chapter 526 provides the State Tax Assessor with discretionary authority beginning October 1, 2000 to relieve the income tax liability of innocent or injured spouses who meet the qualifications for relief for federal income tax purposes. Innocent spouses are entitled to relief if there was a substantial understatement of tax attributable to grossly erroneous tax items of the other spouse and the spouse requesting relief had no reason to be aware of the understatement. An injured spouse is entitled to relief from offset against a refund due to the obligation of a debtor spouse.

LD 926 An Act to Exempt Watercraft That Are Not Used from the Watercraft Excise Tax ONTP

<u>Sponsor(s)</u> SKOGLUND	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 926 proposed to exempt watercraft that are not used during the year from the excise tax on watercraft. See also LD 1845.

LD 927 An Act to Establish Property Tax Relief for the State's Senior Citizens ONTP

<u>Sponsor(s)</u> SCHNEIDER MILLS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 927 proposed to freeze property taxes on homesteads of a permanent resident of the state who is 65 years of age or older and when any adults living on the property, other than the property owner's spouse, are 65 years of age.

LD 928 An Act to Allow Sales Tax Collectors to Keep a Portion of Revenue Collected for the State ONTP

<u>Sponsor(s)</u> LEMONT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 928 proposed to allow a retailer to retain a fee for collecting sales tax. The fee permitted would have been \$10 for a retailer that collects \$500 sales tax revenue or less per month and \$25 for a retailer who collects more than \$500 sales tax revenue per month.

LD 934 An Act to Prohibit Tax Revenues from Being Diverted from the Unorganized Territories ONTP

<u>Sponsor(s)</u> JOY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 934 proposed to prohibit property tax revenues from unorganized territories from being diverted to other uses without request of the Legislature and approval of 2/3 of the voters in the unorganized territories.

LD 935 An Act to Set Penalties for the Late Filing of the Tree Growth Tax Reimbursement ONTP

<u>Sponsor(s)</u> STEDMAN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 935 proposed to impose a penalty for late filers for tree growth property tax reimbursement of 1% of the reimbursement for each day that the claim is overdue rather than barring reimbursement completely. See also LD 1224.

LD 939 **An Act to Exempt Maine Residents on Active Military Duty from State Income Tax** **ONTP**

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

LD 939 proposed to exempt from the state income tax all income earned by a Maine resident for active duty in any regular, reserve or national guard unit of the Armed Forces of the United States.

LD 963 **An Act to Promote Good Health Practices in Maine** **ONTP**

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

LD 963 proposed to include vitamins and nutritional supplements in the list of grocery staples exempt from the sales tax.

LD 964 **An Act to Protect Personal Property** **ONTP**

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

LD 964 proposed to prohibit state and local governments from seizing or selling privately owned real estate unless the amount of the delinquent tax exceeds 50% of the value of the real estate as most recently assessed by the municipality in which the real estate is located or, in the case of real estate located in the unorganized territory, as most recently assessed by the State Tax Assessor.

LD 968 **An Act to Restore Municipal Revenue Sharing** **PUBLIC 528**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM MAJ	H-218
NUTTING J	ONTP MIN	S-467 RUHLIN

LD 968 proposed to restore \$1,300,000 to the municipal revenue sharing fund that was diverted from that fund by the State's interpretation and application of legislation passed by the 118th Legislature to fund the reduction in the state sales tax from 6% to 5.5%. That action led to a deposit of approximately \$26,000,000 into the Maine Rainy Day Fund established by the Maine Revised Statutes, Title 5, section 1513 without first placing 5.1% of that amount in the municipal revenue sharing fund as required by Title 30-A, section 5681.

Committee Amendment "A" (H-218), the majority report of the Joint Standing Committee on Taxation, proposed to authorize the transfer of \$1,152,347 from the sales tax reserve to the Local Government Fund in fiscal year 1999-00. This sum represents the amount that would have been transferred to the Local Government Fund if the 4-month reserving of money authorized in the Maine Revised Statutes, Title 36, section 1811 had not been interpreted and applied to preclude that transfer.

This amendment also proposed to prevent a reduction to the Local Government Fund due to the application of Title 36, section 1811 or any other law providing for transfers from sales and income tax revenue. It is intended to make clear that the Local Government Fund, from which state-municipal revenue sharing is distributed, must be credited with amounts based on the State's total sales and use tax and income tax receipts regardless of the operation of any other inconsistent law.

Senate Amendment "A" to Committee Amendment "A" (S-467) proposed a transfer from the Maine Rainy Day Fund in lieu of the sales tax reserve. The sales tax reserve was used to finance Public Law 1999, chapter 401, the "Part 2" budget bill.

Enacted law summary

Public Law 1999, chapter 528 authorizes the transfer of \$1,152,347 from the Maine Rainy Day Fund to the Local Government Fund in fiscal year 1999-00. This sum represents the amount that would have been transferred to the Local Government Fund if the 4-month reserving of money authorized in the Maine Revised Statutes, Title 36, section 1811 had not been interpreted and applied to preclude that transfer.

The law also prohibits a reduction to the Local Government Fund due to any future application of Title 36, section 1811 or any other law providing for transfers from sales and income tax revenue. It is intended to make clear that the Local Government Fund, from which state-municipal revenue sharing is distributed, must be credited with amounts based on the State's total sales and use tax and income tax receipts regardless of the operation of any other inconsistent law.

LD 969 An Act to Exempt Food That is Medically Necessary From Sales Tax ONTP

<u>Sponsor(s)</u> DAVIDSON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 969 proposed to include in the definition of a grocery staple exempt from the sales tax an item sold on a written certification of a person's physician that the item is a medical necessity to the health of the person for whom the item is being purchased.

LD 979 An Act to Use Funds From the Sale of Utility Company Properties to Help Offset Ice Storm 1998 Expenses ONTP

<u>Sponsor(s)</u> CAREY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 979 proposed to set aside corporate income taxes attributable to the sale of assets pursuant to electric restructuring in a separate account to be used, subject to the direction of the Public Utilities Commission, to reimburse electric utilities for expenses incurred in remedying damages caused by the ice storm of 1998.

See also LD 1500 under the summaries for the Joint Standing Committee on Utilities which proposed to use the same revenues for assistance to low-income electric consumers.

LD 982 An Act to Reimburse Municipalities for the Property Tax Loss for County Property that is Used but not Leased by the State ONTP

<u>Sponsor(s)</u> DOUGLASS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 982 proposed to require the State to reimburse municipalities 100% for property tax revenue loss attributable to county property in that municipality used but not leased by the State.

LD 1023 An Act to Increase Eligibility Levels for Access to Prescription Drugs for the Elderly ONTP

<u>Sponsor(s)</u> MCALEVEY DOUGLASS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1023 proposed to make an elderly individual eligible for the elderly low cost drug program if the individual's sole source of income is Social Security benefits.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part KKK.

LD 1029 An Act to Encourage Support of Passamaquoddy Tribal Government Through On-reservation Business Activities PUBLIC 477

<u>Sponsor(s)</u> SOCTOMAH	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-694
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LD 1029 proposed to make sales occurring on the Passamaquoddy reservation exempt from the state sales and use tax to the extent the sales are subject to a tribally imposed tax that does not exceed the sales tax that would otherwise be imposed.

Committee Amendment "A" (H-694) proposed to replace the bill and provide that sales and use tax revenue attributable to sales occurring on the Passamaquoddy reservation must be returned to the Passamaquoddy Tribe after subtracting the amount transferred to the Local Government Fund.

Enacted law summary

Public Law 1999, chapter 477 provides that sales and use tax revenue attributable to sales occurring on the Passamaquoddy reservation must be returned to the Passamaquoddy Tribe after subtracting the amount transferred to the Local Government Fund

LD 1041 An Act to Amend Municipal Revenue Sharing to Take Into Account Sales Tax Revenues ONTP

<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1041 was a concept draft that proposed to establish a distribution of revenue sharing money based on sales tax receipts.

LD 1045 **An Act to Increase the State Income Tax Brackets to Match the Federal Income Tax Brackets** **ONTP**

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

LD 1045 proposed to change the state individual income tax brackets to the 1999 federal income tax brackets and retain the current state rate structure. See also LD 2143.

LD 1061 **An Act to Improve Access to Prescription Drugs for the Elderly** **ONTP**

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

LD 1061 proposed to extend income eligibility for the elderly low-cost drug program by allowing persons whose income exceeds the limits by up to 30% and 40% to pay copayments of 30% and 40%, respectively.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 1062 **An Act to Reduce the Excise Tax on the Resale of Program Cars in the Same Year** **ONTP**

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

LD 1062 proposed to determine the excise tax for the resale of a program car within the car’s first registration year based on the resale price.

LD 1063 **An Act to Create Quality Child Care Investment Incentives** **INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LONGLEY ROWE	OTP-AM	

LD 1063 proposed to increase the employer and parent child care income tax credit amounts if the child care expenditures are made for services that are quality child care as defined by rules to be adopted by the Department of Human Services. The bill also proposed to establish a new income tax credit for investments in the creation of quality day care services.

Committee Amendment "A" (S-237) proposed to add a statutory definition of "quality child care," provide that the income tax credit for employer-assisted day care is doubled if the day care provided qualifies as "quality child care," clarify the quality child care investment credit and add an appropriation section and a fiscal note to the bill.

House Amendment "A" to Committee Amendment "A" (H-583) proposed to clarify the intent of the committee amendment that the quality child care investment credit apply to individual taxpayers who have spent at least \$10,000 in one year.

This bill, containing the provisions of Committee Amendment "A" and House Amendment "A," was included in LD 617, the "Part 2" budget bill and enacted as PL 1999, chapter 401, Part NNN.

**LD 1064 An Act to Stimulate Job Creation and Investment in Maine by Amending CARRIED OVER
the Income Tax Apportionment Formula**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN CIANCHETTE		

LD 1064 proposed to change the income tax formula for apportionment of income from a business activity that is taxable both in this State and in another taxing jurisdiction. The bill proposed to eliminate the consideration of the property factor and the payroll factor and base apportionment solely on the proportion of sales by the taxpayer in the State.

This bill was carried over to the Second Regular Session. The Joint Standing Committee on Taxation is directed by Joint Order, S.P. 771, to study the issues raised by this bill and report by December 1, 1999.

**LD 1069 An Act to Create Additional Incentives for Landowners to Voluntarily ONTP
Conserve Land in the State's Conservation Land Program**

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

LD 1069 proposed to create an income tax credit up to \$30,000 annually equal to 30% of the fair market value of gifts of land or easements for conservation or historic preservation purposes.

LD 1090 An Act to Change the Tax Treatment of Truck Campers PUBLIC 518

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOOLEY BENOIT	OTP-AM	H-120

LD 1090 proposed to provide a sales tax trade-in credit for truck campers and extend the sales tax on casual sales to truck campers.

Committee Amendment "A" (H-120) added a fiscal note to the bill.

Enacted law summary

Public Law 1999, chapter 518 provides a sales tax trade-in credit for truck campers and extends the sales tax on casual sales to truck campers.

LD 1122 **An Act to Return a Percentage of the Meals and Lodging Tax to the Municipality in Which Those Taxes were Levied** **CARRIED OVER**

<u>Sponsor(s)</u> LEMOINE		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 1122 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.

This bill was carried over to the Second Regular Session.

LD 1123 **An Act to Set Fees for Services for Tax-exempt Property in Municipalities** **ONTP**

<u>Sponsor(s)</u> MCNEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1123 proposed to allow municipalities to impose service charges for tax-exempt property owned or occupied by entities other than religious institutions and governmental entities.

LD 1130 **An Act to Implement the Recommendations of the Task Force to Study Telecommunications Taxation** **PUBLIC 488**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-391 H-604 GAGNON
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LD 1130 contains the recommendations of the Task Force to Study Telecommunications Taxation established by Resolve 1997, chapter 121. The bill proposed the following changes.

- The bill proposed to replace the definition of taxable "telephone and telegraph service" in the sales tax law with a definition of "telecommunications services." The new definition proposed to clarify the meaning of the old definition, ensure that unbundled network elements sold to another provider of telecommunications services are not taxable and exclude prepaid calling arrangements from the definition of "telecommunications services."
- The bill proposed a sales tax exclusion for the sale of cable television converter boxes to a provider of cable television services.
- The bill proposed to extend the sales tax to prepaid calling arrangements.
- The bill proposed to require the Bureau of Revenue Services to monitor legal and technological developments in the field of telecommunications and report to the Legislature any need for change to the State's tax laws.
- The bill proposed sales tax exemptions for machinery and equipment used directly and primarily to provide communications service and for the first \$16 monthly for each residential telephone account.

- The bill proposed to repeal the state telecommunications personal property tax effective April 1, 2001 and returns that personal property to standard municipal property taxation

Committee Amendment "A" (H-391) proposed to remove provisions from the bill exempting from sales tax the sale of machinery and equipment used to provide communications service and exempting from sales tax the first \$16 monthly of residential local exchange telecommunications service

House Amendment "A" (H-604) proposed to correct a clerical omission in the committee amendment by removing from the bill the provisions repealing the telecommunications property tax and replacing a definition to clarify its intended application.

Enacted law summary

Public Law 1999, chapter 488 modernizes the application of the sales tax by replacing the definition of taxable "telephone and telegraph service" in the sales tax law with a definition of "telecommunications services." The new definition clarifies the meaning of the old definition and ensures that unbundled network elements sold to another provider of telecommunications services are not taxable. The law imposes a sales tax on prepaid calling arrangements and excludes services provided pursuant to prepaid calling arrangements from the definition of taxable "telecommunications services." The law provides a sales tax exclusion for the sale of cable television converter boxes to a provider of cable television services. The bill requires the Bureau of Revenue Services to monitor legal and technological developments in the field of telecommunications and report to the Legislature any need for change to the State's tax laws. See also LD 617, Public Law 1999, chapter 401, Part EEE that reserves funds to permit future elimination of prepayments and nonstandard treatment of accruals under the Telecommunications Personal Property Tax.

LD 1134 An Act to Extend the Maine Residents Property Tax Program to Persons PUBLIC 494
Living in Subsidized Housing Who Receive Certain Disability Payments

<u>Sponsor(s)</u> BERRY R NUTTING J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-219 S-403 MICHAUD
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LD 1134 proposed to permit persons living in subsidized housing who receive social security disability or supplemental security income disability benefits to qualify for the Maine Residents Property Tax Program.

Committee Amendment "A" (H-219) proposed to clarify that this change to the Maine Residents Property Tax program applies to those claims filed on or after August 1, 1999.

Senate Amendment "A" to Committee Amendment "A" (S-403) proposed to delete an appropriation to the Bureau of Revenue Services for computer programming expenses.

Enacted law summary

Public Law 1999, chapter 494 permits persons living in subsidized housing who receive social security disability or supplemental security income disability benefits to qualify for the Maine Residents Property Tax Program for claims files on or after August 1, 1999.

LD 1136 An Act to Provide an Inflation Adjustment for the Elderly Low-cost Drug ONTP
Program

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARTIN TREAT	ONTP	

LD 1136 proposed to require the State Tax Assessor to establish income limits for the elderly low-cost drug program that are determined according to the federal nonfarm income poverty line beginning November 1, 1999.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the “Part 2” budget bill, PL 1999, chapter 401, Part KKK.

LD 1141 An Act to Provide Fairness for Nondrinkers in Restaurants ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO DAVIS P	ONTP	

LD 1141 proposed to tax restaurant food for nondrinkers at a restaurant that has a liquor license at the same sales tax rate as food sold in a restaurant that does not have a liquor license.

LD 1157 An Act to Ensure the Payment of Real Estate Taxes on Transferred Property ONTP

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

LD 1157 proposed to require the seller of real estate at the time of the closing to pay or post a bond in the amount of property taxes due on the real estate. After the closing, the new owner of the real estate would be required to notify the municipality of the share of taxes the new owner will pay. When the new owner’s share is paid, the municipality would be required to reimburse the previous owner for that share payment.

LD 1167 An Act to Establish the Local Option Tax on Liquor, Meals and Lodging ONTP

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

LD 1167 proposed to allow municipalities to adopt a local option sales tax at a rate not to exceed 2% on liquor, meals and lodging that are provided within the municipal corporate limits and that are subject to the state sales tax. The State would be required to assess and collect the local option tax along with the state tax and return the revenue raised to the municipality. The State Tax Assessor would be required to determine the amount of revenue raised by each municipality’s local tax each month, subtract the administrative costs of the local tax and certify the amount to be returned to each municipality. The additional revenue raised by the local option tax must be used by the municipality to finance specifically approved major capital projects.

This bill was considered to be improperly presented because it is a bill to raise revenue with Senate sponsorship. Identical language with House sponsorship was introduced and carried over to the Second Regular Session. See LD 2024.

LD 1174 An Act to Revise the Business Equipment Property Tax Reimbursement Program ONTP

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

LD 1174 proposed to limit reimbursement for personal property taxes on eligible business equipment (the BETR program) to 75% of taxes paid for property first placed in service after April 1, 1999. The bill also proposed to require the State Tax Assessor to establish a waiting list for payment of eligible claims if eligible claims exceed appropriations and to restore eligibility for reimbursement for cable television companies.

LD 1177 An Act to Amend the Property Tax Exemption for Hospitals ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY MILLS	ONTP	

LD 1177 proposed to eliminate the property tax exemption for property leased by a hospital, health maintenance organization or blood bank.

LD 1196 An Act to Clarify the Amount of Meals and Lodging Tax Applicable When an Establishment Has Take-out and On-premise Food ONTP

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

LD 1196 proposed to reduce to 5 1/2% the sales tax on the sale of prepared food for take out at an establishment licensed to serve liquor if the food is sold in an area separate from the area where liquor is being served.

LD 1199 An Act to Tax Docking Fees for Pleasure Boats Greater than 19 Feet in Length NOT PROPERLY BEFORE BODY

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

LD 1199 proposed to subject docking fees imposed on owners of recreational watercraft to the sales tax. The bill was ruled “not properly before the body” as a revenue measure with a Senate sponsor.

LD 1224

An Act Relating to Tree Growth Reimbursement

**P & S 32
EMERGENCY**

Sponsor(s)
STEDMAN
MILLS

Committee Report
OTP-AM

Amendments Adopted
H-389
S-256 GOLDTHWAIT

LD 1224 proposed to authorize the reimbursement to the Town of Cornville for its 1997 tree growth tax reimbursement denied as a result of the town’s failure to file its annual return to the State Tax Assessor by the required deadline.

Committee Amendment “A” (H-389) replaced the original bill and proposed to provide reimbursement for all municipalities that were ineligible for tree growth tax reimbursement for program years 1997 and 1998 because they failed to file the municipal valuation return on time. The amendment requires that the reimbursement be reduced for each day that the municipal valuation return was late. Payment must be made from any surplus available in the appropriation for tree growth tax reimbursement for fiscal year 1998-99.

Senate Amendment "A" to Committee Amendment "A" (S-256) proposed to make a technical correction to the committee amendment.

Enacted law summary
Private and Special Law 1999, chapter 32 provides reimbursement for all municipalities that were ineligible for tree growth tax reimbursement for program years 1997 and 1998 because they failed to file the municipal valuation return on time. Reimbursement is reduced for each day that the municipal valuation return was late. Payment must be made from any surplus available in the appropriation for tree growth tax reimbursement for fiscal year 1998-99. Chapter 32 was enacted as an emergency measure effective June 9,1999.

LD 1247

An Act to Extend the Homestead Tax Exemption to the Passamaquoddy and Penobscot Communities

ONTP

Sponsor(s)
SOCTOMAH

Committee Report
ONTP

Amendments Adopted

LD 1247 proposed to provide state payments to the Passamaquoddy reservation communities at Pleasant Point and Indian Township and the Penobscot Nation comparable to the amount that could have been claimed as reimbursement for homestead property tax exemptions if the homesteads were individually owned and based upon the number of homes occupied as permanent residences in each community.

LD 1249

An Act to Eliminate the Lodging Tax on Long-term Rentals

**DIED BETWEEN
BODIES**

Sponsor(s)
COWGER
KILKELLY

Committee Report
OTP-AM MAJ
ONTP MIN

Amendments Adopted

LD 1249 proposed to expand the sales tax exemption for long-term lodging to include rentals by persons who maintain another primary residence and who are not renting in connection with employment or education.

LD 1252 **An Act to Explain the Check-off Box on Maine Tax Returns for Campaign Financing** **ONTP**

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

LD 1252 proposed to require that state income tax forms contain an explanation of the Maine Clean Election Fund and the uses of taxpayer contributions to that fund.

LD 1266 **RESOLUTION, Proposing an Amendment to the Constitution of Maine to Promote Historic and Scenic Preservation** **CON RES 2**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
AMERO	OTP-AM	S-96

LD 1266 proposed to amend the Constitution of Maine to allow the Legislature to enact a law allowing municipalities to reduce property taxes on property dedicated to historic preservation or preservation of scenic easements.

Committee Amendment “A” added a fiscal note.

Enacted law Summary

Constitutional Resolution 1999, chapter 2 sends to referendum a proposal to amend the Constitution of Maine to allow the Legislature to enact a law allowing municipalities to reduce property taxes on property dedicated to historic preservation or preservation of scenic easements.

LD 1268 **An Act to Provide Equal Treatment in the Taxation of Public Pensions** **VETO SUSTAINED**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAGGETT	OTP-AM MAJ	S-348
GAGNON	OTP-AM MIN	

LD 1268 proposed to provide a income tax exemption for state and federal pensions comparable to the federal exclusion of social security benefits.

Committee Amendment "A" (S-348) proposed to replace the bill and provide an income tax deduction for up to \$6,000 of state, federal and military retirement pension benefits per recipient. The amendment provided that social security benefits be taxed to the same extent that those benefits are taxed under federal income tax laws.

This bill was enacted in both the Senate and the House of Representatives, but was vetoed by the Governor, and the veto was sustained. Joint Order, S.P. 860, directed the Joint Standing Committee on Taxation to study and report to the Senate in the Second Regular Session of the 119th Legislature a bill on the issue of pension equity.

LD 1271 **An Act to Ensure the Proper Taxation of Low-energy Fuels** **ONTP**

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

LD 1271 proposed to exempt low-energy fuels, such as propane and natural gas from the special fuel tax unless those fuels were delivered into a motor vehicle for highway use. (See also LD 1337)

LD 1272 **An Act to Adjust the Forest Fire Suppression Tax** **ONTP**

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

LD 1272 proposed to adjust the computation of the forest fire suppression tax from 40% of the net cost of forest fire protection to 25% to reflect the threshold that was established in 1991 for the years after 1996.

LD 1274 **An Act to Extend the Machinery and Equipment Exemption to Sales and Leaseback Transactions** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN DAVIDSON	ONTP	

LD 1274 proposed to provide that a manufacturer does not lose the sales tax exemption for machinery and equipment used in the production process by entering into a sale and leaseback transaction with a bank, leasing company or other financial service provider. The bill also proposes to extend the exemption to the sale of the machinery or equipment to the bank or leasing company. The provisions of this bill were included in LD 356, Public Law 1999, chapter 516.

LD 1277 **An Act Concerning Technical Changes to the Tax Laws** **PUBLIC 414
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN GAGNON	OTP-AM	H-684 DAVIDSON S-329

LD 1277 proposed technical corrections, clarifications and minor substantive changes to various laws concerning taxation and would also repeal several obsolete tax provisions.

Committee Amendment "A" (S-329) proposed to make corrections to the bill, remove unnecessary provisions and add additional technical corrections, clarifications and minor substantive changes to the tax laws.

House Amendment "A" to Committee Amendment "A" (H-684) proposed to remove the technical changes proposed by Committee amendment "A" to the definitions of "telecommunications equipment" and "telecommunications services" because those changes are also being made in L.D. 1130, "An Act to Implement the Recommendations of the Task Force to Study Telecommunications Taxation." The amendment would also correct a clerical error.

Enacted law summary

Public Law 1999, chapter 414 makes technical corrections, clarifications and minor substantive changes to various laws concerning taxation and repeals several obsolete tax provisions. Chapter 414 was enacted as an emergency measure and took effect June 5, 1999.

LD 1278 An Act to Base Sales Tax for Net Energy Billing Customers on Net Energy Deliveries PUBLIC 286

<u>Sponsor(s)</u> GREEN		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 1278 proposed that sales tax on electricity for net energy billing customers be based upon the net energy deliveries to those customers and not upon the total energy deliveries. To accomplish this, the bill proposed a sales tax exemption for sales of electricity to net energy billing customers for which no money is paid to the electricity provider or to the transmission and distribution utility.

Enacted law summary

Public Law 1999, chapter 286 exempts sales of electricity to net energy billing customers when no money is paid for the electricity.

LD 1299 An Act to Enhance the Elderly Low Cost Drug Program ONTP

<u>Sponsor(s)</u> PEAVEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1299 proposed to direct the State Tax Assessor to increase by \$300 each of the income eligibility limitations for the elderly low cost drug program beginning October 1, 1999.

Bills relating to the elderly low cost drug program were heard jointly with the Joint Standing Committee on Health and Human Services. Please see bills indexed for that Committee.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part KKK.

LD 1300 An Act Exempting from the Sales Tax the Value of a Trade-in Vehicle When the Trade-in Is Sold Privately ONTP

<u>Sponsor(s)</u> LOVETT MITCHELL B		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1300 proposed to allow a sales tax trade-in credit on the sale of a motor vehicle if the person purchases the replacement within 30 days of the sale of the original motor vehicle.

LD 1309

An Act to Make Technical Changes and Improvements to the Employment Tax Increment Financing Program

PUBLIC 388

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRIPP DAGGETT	OTP	

LD 1309 proposed to make technical changes to the Employment Tax Increment Financing program to bring the statutes into conformity with the unemployment and income data that is available from the Department of Labor and to remove conflicts related to the timing of applications, approval of applications, commencement of benefits and mid-term review.

Enacted law Summary

Public law 1999, chapter 388 made technical changes to the Employment Tax Increment Financing program to bring the statutes into conformity with the unemployment and income data that is available from the Department of Labor and to remove conflicts related to the timing of applications, approval of applications, commencement of benefits and mid-term review.

LD 1314

An Act to Establish Medical Savings Accounts

ONTP

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

LD 1314 proposed to allow residents of the State to establish medical savings accounts for payment of eligible medical expenses, including the payment of health insurance premiums and deductibles. Contributions to, interest earned on and qualified withdrawals from medical savings accounts would be exempt from Maine state income tax.

LD 1331

An Act to Allow Local Option Excise Taxes on Vehicles

ONTP

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

LD 1331 proposed to allow municipalities to establish excise tax rates for motor vehicles if those rates do not exceed the statutory rate.

LD 1333

An Act to Establish a Personal Property Tax on Truck Tractors, Trailers and Semitrailers Registered in this State

ONTP

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

LD 1333 proposed to establish a personal property tax on commercial truck tractors, trailers and semitrailers registered in Maine. The rate of tax would be established by the Secretary of State based on vehicle weight and miles traveled. Revenues

from the tax would be deposited to the Highway Fund and could be used only for repair and maintenance of municipally owned roads.

LD 1344 **An Act to Provide Long-term Funding for the Land for Maine's Future Program** **INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROWE PINGREE	OTP-AM	

LD 1344 proposed that until June 30, 2009, 45% of all receipts from the real estate transfer tax must be deposited in the Land for Maine's Future Fund rather than the General Fund. These funds must be used to acquire land and easements from willing sellers for public outdoor access and recreation, farmland preservation, land conservation and to protect wildlife habitat.

Committee Amendment "A" (H-390) proposed to redraft the provisions of the bill to avoid potential future statutory conflicts.

This bill was indefinitely postponed off the Appropriations Table.

LD 1365 **An Act to Amend the Procedures under the So-called Circuit Breaker Program** **ONTP**

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

LD 1365 proposed to require a claimant under the Maine Residents Property Tax Program to submit proof of payment of the property taxes or rent upon which a claim for benefits is made before the claim may be allowed.

LD 1374 **An Act to Create a Sales Tax Exemption for Child Abuse and Neglect Councils, Child Advocacy Organizations and Community Action Agencies** **PUBLIC 499**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRAGDON	OTP-AM MAJ ONTP MIN	S-336 LONGLEY

LD 1374 proposed to create a tax exemption for sales to child abuse and neglect councils.

Senate Amendment "A" (S-336) proposed to reallocate the sales tax exemption for child abuse and neglect councils to the subsection of law that currently provides an exemption to community action agencies. This amendment also adds a sales tax exemption for child advocacy organizations that are members of the Medicaid Advisory Committee.

Enacted law summary

Public Law 1999, chapter 499 provides a sales tax exemption for incorporated, nonprofit child abuse and neglect councils and statewide child advocacy organizations that are members of the Medicaid Advisory Committee.

LD 1380 **An Act Providing a Tax Credit for Private School Tuition** **ONTP**

<u>Sponsor(s)</u> MACK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1380 proposed an income tax credit equal to 50% of the cost of private elementary and secondary tuition. The credit would be limited to 50% of the statewide allowable tuition for a public school.

LD 1384 **An Act to Promote the Sale of Traditional Passamaquoddy Crafts** **DIED BETWEEN BODIES**

<u>Sponsor(s)</u> SOCTOMAH		<u>Committee Report</u> OTP-AM MAJ ONTP MIN		<u>Amendments Adopted</u>
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LD 1384 proposed to provide that sales of traditional craft products made by a member of the Passamaquoddy Tribe and materials purchased to create those craft items are exempt from sales and use tax.

LD 1388 **An Act to Amend the Sales and Use Tax Law Regarding the Food Service and Lodging Industries** **ONTP**

<u>Sponsor(s)</u> COWGER KILKELLY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1388 proposed a sales tax exemption for sales of:

1. Tangible personal property used in cooking or preparing drinks, meals, food or food products by a person in the food service industry, and
2. Machinery and equipment used by a person in the food service or lodging industry.

LD 1410 **An Act Clarifying the Tax Treatment of Prepaid Calling Arrangements** **ONTP**

<u>Sponsor(s)</u> CAREY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1410 proposed to require that prepaid telephone calling arrangements be subject to sales tax at the point of purchase rather than at the point of use, if the prepaid service is purchased at a vendor located in this State or when the purchaser's shipping or billing address is in this State.

See also LD 1130.

LD 1425 **An Act to Encourage Jobs and Opportunities in Municipalities with Low Average Income and High Property Taxes** **ONTP**

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

LD 1425 proposed to permit a corporate income tax credit equal to the tax that would otherwise be due for the first 3 years of business operations of a taxpayer in a municipality with an equalized property tax mill rate greater than 150% of the statewide average equalized property tax rate and a median household income that is 90% or less of the statewide median household income. The credit would be restricted to taxpayers who did not relocate from another municipality in the State.

LD 1426 **An Act to Reform the Property Tax Laws for Certain Exempt Properties** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MENDROS DAVIS P	ONTP	

LD 1426 is a concept draft that proposed to require the State to reimburse a municipality equitably for property tax revenue lost due to statutory exemptions including 100% reimbursement for property conveyed to the State after the effective date of the bill. The bill proposed to allow municipalities to charge nonreligious exempt institutions or organizations up to 20% of the property tax revenue lost due to the institution's or organization's property tax exemption and to provide a property tax exemption for the primary residence of a Maine resident 70 years of age or older.

LD 1441 **An Act to Reimburse the Town of Wallagrass for Property under the Maine Tree Growth Tax Law** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PARADIS MARTIN	ONTP	

LD 1441 proposed to provide reimbursement for the Town of Wallagrass under the Maine Tree Growth Tax Law for the 1996 and 1997 program years. (See LD 1224, Private and Special Law 1999, chapter 32.)

LD 1442 **An Act to Provide a State Income Tax Credit for Individual Contributions Made to Maine Charitable Organizations** **ONTP**

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

LD 1442 proposed an income tax credit of up to \$250 for contributions made to nonprofit charitable and benevolent institutions incorporated in the State as an alternative to an itemized income tax deduction for charitable contributions.

LD 1452 **An Act to Allocate the State Tax Windfall on the Sale of Generation-related Assets to the Reduction of Stranded Costs Otherwise Paid by Ratepayers** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEAL	ONTP	

LD 1452 proposed to dedicate corporate income tax revenues attributable to the mandated sale of utility-owned electric generating assets to reduce the amount of stranded costs and provide further savings to electric consumers. See also LD 1500 under the summaries for the Joint Standing Committee on Utilities.

LD 1475 **An Act to Clarify the Tree Growth Tax Law** **CARRIED OVER**

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

LD 1475 proposed requiring landowners who own more than 100,000 acres of land in the State to harvest at or below a sustainable level on their forest land taxed under the Maine Tree Growth Tax Law. It proposed requiring the Department of Conservation to adopt rules to establish a procedure for determining landowner compliance. This bill was originally referred to the Joint Standing Committee on Taxation. (See bill summaries under that committee for a summary of proposed Committee Amendment "A" S-235) This bill was re-referred to the Joint Standing Committee on Agriculture, Conservation and Forestry on June 3rd and was carried over to the Second Regular Session.

LD 1479 **An Act to Amend the Sales Tax Exemption for Prosthetic Devices** **INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS	OTP-AM	

LD 1479 proposed to amend the sales tax exemption for prosthetic devices to include adaptive equipment and assistive technologies and the labor and materials necessary to adapt a vehicle or home to accommodate a person's functional limitations.

Committee Amendment "A" (S-294) proposed to amend the bill to remove coverage of adaptations to vehicles and structures.

Senate Amendment "A" to Committee Amendment "A" (S-299) proposed to clarify that the exemption applies to physical disabilities.

LD 1484 **An Act to Conform the Maine Tax Laws for 1998 With the United States Internal Revenue Code** **PUBLIC 520
EMERGENCY**

Sponsor(s)
GREEN

Committee Report
OTP-AM

Amendments Adopted
H-387
S-442 RUHLIN

LD 1484 proposed to conform the Maine income, estate and mining excise tax laws with the federal tax laws as of December 31, 1998 for tax years beginning on or after January 1, 1998.

Committee Amendment "A" (H-387) added a fiscal note to the bill.

Senate Amendment "C" (S-442) proposed to delay until 2002 Maine income tax conformity for health insurance deductions for self-employed individuals.

Enacted law summary

Public Law 1999, chapter 520 provides conformity with the federal Internal Revenue Code as of December 31, 1998 for Maine income, estate and mining excise tax laws for tax years beginning on or after January 1, 1998 with the exception of the deduction for health insurance for self-insured individuals which is not conformed until 2002. Chapter 520 was an emergency measure and took effect June 17, 1999.

LD 1490

An Act to Repeal All State Inheritance Taxes

ONTP

Sponsor(s)
WATERHOUSE

Committee Report
ONTP

Amendments Adopted

LD 1490 proposed to repeal the estate tax.

LD 1494

An Act to Ensure the Documentation of the Transfer of Ownership of Mobile and Modular Construction Homes

PUBLIC 427

Sponsor(s)
SAVAGE C

Committee Report
OTP-AM

Amendments Adopted
H-678

LD 1494 proposed to require that the owner of a mobile home or modular construction home that is situated on property that is not owned by the mobile home or modular construction home owner who transfers that home must file a form prepared by the Bureau of Revenue Services and a real estate transfer tax declaration of value with the register of deeds in the county where the home is located. The bill also proposed to require that a transfer of a mobile home or modular construction home be subject to the real estate transfer tax unless it is transferred to a dealer or from a dealer or is uninhabitable.

Committee Amendment "A" (H-678) replaced the bill. It proposed to provide authority to municipal officers to enact an ordinance to ensure that the municipal assessor is notified when a mobile home or modular construction home is transferred and the transferor does not own the land on which the home is located.

Enacted law summary

Public Law 1999, chapter 427 provided authority to municipal officers to enact an ordinance to ensure that the municipal assessor is notified when a mobile home or modular construction home is transferred and the transferor does not own the land on which the home is located.

LD 1501 **An Act to Amend the Maine Tree Growth Tax Law** **ONTP**

<u>Sponsor(s)</u> BENNETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1501 proposes to amend the Maine Tree Growth Tax Law by eliminating the requirement that a forest management and harvest plan prepared by a landowner be reviewed and certified by a licensed professional forester.

LD 1518 **An Act to Establish a Sales Tax Exemption for Sales to Volunteer Organizations that Raise Funds to Benefit Local Charities** **ONTP**

<u>Sponsor(s)</u> ETNIER		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1518 proposed to establish a sales tax exemption for volunteer organizations that raise funds to benefit local charities.

LD 1521 **An Act to Provide an Income Tax Deduction for the Purchase of Alternative Energy Equipment** **ONTP**

<u>Sponsor(s)</u> GAGNE FERGUSON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1521 proposed to provide an income tax deduction of 10% of the purchase price for wood, solar, wind or any other type of alternative energy equipment.

LD 1522 **An Act to Eliminate the Income Tax, Sales Tax and Corporate Income Tax and Replace Them with a Flat Transaction Tax** **ONTP**

<u>Sponsor(s)</u> VOLENIK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1522 is a concept draft that proposed to repeal the state individual and corporate income tax and the sales tax and replace them with a single tax on all business and financial transactions except bank deposits.

LD 1524 **An Act to Include the Income of a Lessee for the Purpose of Determining Eligibility in Farm and Open Space Tax Laws** **PUBLIC 449**

<u>Sponsor(s)</u> JONES		<u>Committee Report</u> OTP		<u>Amendments Adopted</u> S-385 MICHAUD
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LD 1524 proposed to permit owners of farmland to qualify for the farm and open space law based on the farming income of either the owner or lessee of the land.

Senate Amendment "B" (S-385) proposed to add a mandate preamble to the bill to relieve the State of the need to reimburse municipalities for any administrative costs associated with implementing the legislation.

Enacted law summary

Public Law 1999, chapter 449 permits owners of farmland to qualify for the farm and open space law based on the farming income of either the owner or lessee of the land.

LD 1540 An Act to Create a Historic Preservation Tax Credit INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRIPP LIBBY	OTP-AM	

LD 1540 proposed to establish a 20% income tax credit for qualified expenditures equal to or exceeding \$5,000 for the rehabilitation of income-producing historic properties that are listed in or eligible for the National Register of Historic Places.

Committee Amendment "A" (H-492) proposed to provide a state income tax credit equal to the federal income tax credit for rehabilitation of certified historic structures. The credit would be limited to \$100,000 per taxpayer, be nonrefundable and subject to the same recapture provisions as apply under federal law.

See also the "Part 2" budget bill, PL 1999, chapter 401, Part RRR.

LD 1542 An Act to Extend the Property Tax Exemption to Veterans of the Berlin Crisis ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCKEE NUTTING J	ONTP	

LD 1542 proposed to extend veterans' property tax exemptions to include veterans who served during the Berlin Crisis between 1961 and 1962.

See also LD 1938, Public Law 1999, chapter 462 under the summaries for the Joint Standing Committee on Legal and Veterans Affairs.

LD 1556 An Act Relating to Property Tax Exemptions and Service Charges ONTP

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

LD 1556 proposed to reorganize and simplify the current property tax exemption statutes and to permit municipalities to impose a service charge on nonprofit benevolent and charitable organizations equal to the pro rata share of the cost of municipal services, except education.

LD 1580 **An Act to Amend the Time for Filing Audit Reports** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNE BENNETT	ONTP	

LD 1580 proposed to change the monthly reporting requirements under the sales tax regarding total sales for the preceding month for businesses employing fewer than 10 people from the 15th of each month to the 30th of each month.

LD 1587 **An Act to Allow the Surviving Veteran Spouse of a Veteran to Continue to Receive the Property Tax Exemption** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIEH KILKELLY		

LD 1587 proposed to allow a surviving spouse of a veteran who is also a veteran to claim exemption from property taxes as the surviving spouse as well as on the veteran's own record.

Committee Amendment "A" (H-388) proposed to resolve internal statutory conflicts created by the bill and provide that reimbursement to municipalities for the property tax exemptions created by the bill must equal 100% of the property tax loss.

This bill was recommitted to the Joint Standing Committee on Taxation and carried over to the Second Regular Session.

LD 1594 **An Act to Promote Equity Among Health Care Clinics** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON MAYO		

LD 1594 proposed to provide the same sales and use tax exemption to nonprofit health clinics that is currently available to hospitals and their affiliated clinics, nonprofit dental health clinics and similar health care providers.

Committee Amendment "A" (S-347) proposed to replace to bill and extend the exemption for rural community health centers to include all incorporated nonprofit health centers.

This bill was recommitted to the Joint Standing Committee on Taxation and carried over to the Second Regular Session.

LD 1596

An Act to Clarify the Sales Tax Exemption for Food Service in Educational Institutions

PUBLIC 502

<u>Sponsor(s)</u> CATHCART STEVENS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-174
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LD 1596 proposed to clarify that the sales tax exemption on school meals is for schools up to the secondary level only.

Committee Amendment "A" (S-174) proposed to replace the bill and provide a sales tax exemption for meals served by colleges to employees of the college when the meals are purchased with debit cards issued by the college.

Enacted law summary

Public Law 1999, chapter 502 provides a sales tax exemption for meals served by colleges to employees of the college when the meals are purchased with debit cards issued by the college.

LD 1605

An Act to Redefine Property Subject to the Business Equipment Tax Reimbursement Program to Include Manufacturing Real Estate and to Exclude Property That is not Used for Manufacturing or Research

ONTP

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1605 proposed to amend the law relating to business equipment property tax reimbursement (the BETR program) by permitting reimbursement for real estate that is part of a manufacturing facility and restricting reimbursement to personal property that is part of a manufacturing facility or is machinery and equipment for research.

LD 1606

An Act to Make Manufacturing Real Estate Eligible for Business Equipment Property Tax Reimbursement

ONTP

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1606 proposed to add real estate used for a manufacturing facility to the business equipment property tax reimbursement (BETR) program. It would apply to real property first acquired or first used as a manufacturing facility on or after April 1, 2000.

LD 1645

An Act Regarding a Tax Refund when Money Is Owed to Both the State and a Custodial Parent

ONTP

<u>Sponsor(s)</u> MENDROS BENNETT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1645 proposed to provide that if both the Department of Human Services and a custodial parent are owed past child support debts from a person entitled to an income tax refund, that refund must be split equally between the department and the custodial parent.

LD 1647 **An Act to Reimburse Collectors of Sales and Use Taxes** **DIED BETWEEN BODIES**

<u>Sponsor(s)</u> BUCK		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u>
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LD 1647 proposed to permit retailers to retain an amount equal to up to 2.5% of sales and use taxes they collect, but not exceeding \$50 per month per affiliated business, as reimbursement for the expenses they incur in the collection of sales and use taxes on behalf of the State.

Committee Amendment "A" (H-646) proposed to permit retailers with annual gross taxable sales of less than \$250,000 to retain a collection allowance equal to the lesser of 2.5% of taxes collected or \$50 per month. Retailers would not be eligible to retain receipts unless they remit taxes in a timely manner.

This bill died between the bodies off the Appropriations Table.

LD 1681 **An Act to Establish a Flat Tax Rate for the Maine Income Tax** **ONTP**

<u>Sponsor(s)</u> MACK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1681 proposed to adopt a flat rate income tax of 5% with a standard deduction of \$25,000 for persons filing jointly and \$10,000 for all other taxpayers.

LD 1688 **An Act to Require the State to Pay Interest on Refunds of Taxes and Fees** **ONTP**

<u>Sponsor(s)</u> MACK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1688 proposed to require state agencies that charge interest on certain overdue taxes or fees to pay interest on refunds from the date of the overpayment. This requirement would not apply to property taxes, sales and use taxes, income taxes or unemployment compensation taxes.

LD 1696 **An Act to Exempt Utility Work from Certain Sales Tax Requirements** **ONTP**

<u>Sponsor(s)</u> CAMERON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1696 proposed to exclude from sales tax labor provided by public utilities. The only public utility service currently subject to a sales tax is telephone and telegraph service.

LD 1697 **An Act Requiring Towns to Conduct a Revaluation of Properties Every 10 Years** **ONTP**

<u>Sponsor(s)</u> CAMERON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1697 proposed to require revaluation of property at least every 10 years.

LD 1722 **An Act to Provide a State Income Tax Credit for the Costs of Health Insurance Paid by Individuals** **ONTP**

<u>Sponsor(s)</u> AMERO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1722 proposed to establish a state income tax credit for up to 50% of the health insurance premiums up to \$4,000 paid by individuals who either pay for their own health insurance or who pay a portion of the premium under a health insurance program offered through their employer.

LD 1729 **An Act to Bring the State's Household Employee Tax into Compliance with Federal Tax Law** **ONTP**

<u>Sponsor(s)</u> LONGLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1729 proposed to permit a person who is allowed to report and pay all federal withholdings for a household employee once a year at the time the person files an annual federal tax return to also report and pay all state withholdings for the employee, including withheld income tax and the employer's unemployment contribution for the employee, once a year at the time the person files an annual state income tax return.

LD 1734 **An Act to Offer Tax Credits for Certain Value-added Wood Products Produced in Maine** **ONTP**

<u>Sponsor(s)</u> LONGLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1734 proposed an income tax credit for manufacturers of value-added wood products equal to 5% of the value added to a wood product by the taxpayer.

LD 1745 **An Act Regarding the Interest and Penalties on Unpaid Taxes when the Taxpayer Files for Bankruptcy** **DIED BETWEEN BODIES**

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

LD 1745 proposed to suspend the accumulation of interest and penalties for nonpayment or late payment of taxes when the taxpayer files for bankruptcy.

LD 1750 An Act to Change the Method of Sales Tax Calculation for Heavy Equipment ONTP

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

LD 1750 is a concept draft that proposed a sales tax trade-in credit for certain types of heavy equipment used for construction.

LD 1764 An Act to Repeal Tax Incentives for Certain Shipbuilding Facilities ONTP

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

LD 1764 proposed to repeal the shipbuilding facility credit.

LD 1770 An Act to Exempt Resold Camper Caps From Being Taxed Separately ONTP

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

LD 1770 is a concept draft that proposed to provide more equitable tax treatment of resold camper caps.

LD 1773 An Act to Allow for a Prorated Application of Property Tax Exemptions for Charitable and Benevolent Institutions and Literary and Scientific Institutions ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO FERGUSON	ONTP	

LD 1773 proposed to allow property tax exemptions for benevolent and charitable institutions and literary and scientific institutions to be prorated based on the percentage of the property that is used for the purposes of the institution.

LD 1786 **An Act to Provide a \$500 State Income Tax Credit for Private School Tuition Payments** **ONTP**

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

LD 1786 proposed to create an income tax credit for a taxpayer whose adjusted gross income does not exceed \$50,000 who has a child enrolled as a full-time student at a private educational institution and is entitled to claim the child as a dependent. The amount of the tax credit would be \$500 or the amount of tax due for that year, whichever is less.

LD 1811 **Resolve, to Direct the State to Implement a Simplified Tax and Wage Reporting System with the Federal Government** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COWGER DAGGETT	ONTP	

LD 1811 proposed to require the Bureau of Revenue Services to implement the recommendations of the Task Force on State and Federal Tax Filing, established pursuant to Resolve 1997, chapter 66, by developing a single point for filing and paying state and federal employment taxes, sales and use taxes and unemployment contributions.

LD 1824 **An Act to Encourage Equity Equivalent Loans or Investments in Community Development Financial Institutions** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARRIMAN		

LD 1824 proposed to encourage investment in community development financial institutions located in the State by allowing financial institutions that make equity equivalent loans to these community development financial institutions a franchise tax deduction equal to the difference between the income earned on the equity equivalent loan and the income that would have been earned if the loan had been made at market rates.

This bill was carried over to the Second Regular Session.

LD 1840 **Resolve, Authorizing the State Tax Assessor to Convey the Interest of the State in Certain Real Estate in the Unorganized Territory** **RESOLVE 52**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BUCK	OTP-AM	H-645

LD 1840 proposed to authorize the State Tax Assessor to sell certain real property in the unorganized territory acquired by the State for nonpayment of property taxes.

Committee Amendment “A” added a fiscal note.

Enacted law

Resolves 1999, chapter 52 authorized the State Tax Assessor to sell certain real property in the unorganized territory acquired by the State for nonpayment of property taxes.

LD 1841 An Act to Require Review of a Property Tax Assessment When the Property Has Been Potentially Devalued by a Law ONTP

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

LD 1841 proposed to require a tax assessor to review the assessment of a taxable property in the assessor's jurisdiction within 30 days of enactment of a state law or rule that may reduce the value of the property. If the assessor determines that the state law or rule does devalue the property, this bill would have required the assessor to revalue the property.

LD 1845 An Act to Limit the Imposition of Excise Taxes on Watercraft PUBLIC 304

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIEH KILKELLY	OTP-AM	H-385

LD 1845 proposed to limit the collection of unpaid watercraft excise tax to the current year and the previous year.

Committee Amendment "A" (H-385) proposed to delete the requirement that the previous year's watercraft excise taxes be paid before a municipality certifies that excise taxes have been paid.

Enacted law summary

Public Law 1999, chapter 304 provides that a municipality may not withhold certification that watercraft excise taxes have been paid if the current year's tax has been paid.

LD 1847 An Act to Increase the Amount of Revenue Dedicated to Local Revenue Sharing INDEF PP

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

LD 1847 proposed to increase the percentage of certain state tax revenues dedicated to state-municipal revenue sharing from 5.1% to 5.5%. The bill also proposed that the amount of revenue dedicated to state-municipal revenue sharing be calculated before any transfers are made from the revenues generated by the taxes subject to revenue sharing.

Committee Amendment "A" (H-651) proposed to change the proposed increase in state-municipal revenue sharing from 5.5% to 5.3%.

LD 1851 **An Act to Amend the Laws Pertaining to Taxation of Recreational Vehicles** **ONTP**

<u>Sponsor(s)</u> NASS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1851 proposed to require the owner of a camper trailer to decide by April 1st whether the camper trailer will be subject to personal property tax or excise tax. It would also subject nonresidents to personal property tax or excise tax if the vehicle or camper trailer other than an automobile, truck or truck tractor remains in this State for a period of 6 months or longer.

LD 1852 **An Act to Create Tax Fairness for Private Purchases of Health Insurance** **ONTP**

<u>Sponsor(s)</u> BERRY R NUTTING J		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1852 proposed a state income tax deduction for health insurance premiums.

LD 1855 **An Act to Establish a New Rate for Excise Taxes of Vehicles** **ONTP**

<u>Sponsor(s)</u> JOY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1855 proposed to calculate the excise tax for a motor vehicle based upon a straight line formula that begins with \$250 in excise tax for a motor vehicle in its first or current year of model and decreases every year ending up at \$15 for a motor vehicle in its 6th or later year of model.

LD 1861 **An Act to Deter Export of Unprocessed Timber and Increase Maine Employment in Timber Harvesting and Processing** **ONTP**

<u>Sponsor(s)</u> VOLENIK		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1861 proposed to establish a registry of wood product buyers to track the sale of wood products. The bill also proposed to make land ineligible for tree growth tax classification if the unprocessed wood on the parcel is sold to a buyer outside the United States, if alien labor is used on the parcel in a county where unemployment exceeds 4% or if the landowner fails to report the identity of buyers of wood products.

LD 1866 **An Act to Reform the Maine Tree Growth Tax Law** **ONTP**

Sponsor(s)
VOLENIK

Committee Report
ONTP

Amendments Adopted

LD 1866 proposed to establish specific criteria for forest management plans that are necessary to qualify for tree growth classification under the Maine Tree Growth Tax Law. These criteria were intended to ensure timber stand maintenance or improvement for sustained yield. This bill proposed to require the Maine Forest Service to conduct periodic, random audits to determine compliance with the plans and to report the results to the State Tax Assessor.

LD 1872

An Act to Establish Municipal Cost Components for Unorganized Territory Services to be Rendered in Fiscal Year 1999-00

**P & S 25
EMERGENCY**

Sponsor(s)

Committee Report
OTP-AM

Amendments Adopted

H-386
H-545 GAGNON
S-255 GOLDTHWAIT

LD 1872 proposed to establish municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Committee Amendment "A" (H-386) proposed to increase the amount authorized for property tax assessment to provide for the possible deorganization of the Town of Madrid. The amendment also proposed to decrease the amount authorized for Hancock County to reflect the availability of surplus funds and increase the amount authorized for Somerset County to provide for the acquisition of a fire truck.

House Amendment "A" (H-545) proposed to provide that the Somerset County commissioners may not spend more than \$100,000 from amounts made available by this bill for the acquisition of a fire truck for Rockwood.

Senate Amendment "A" to Committee Amendment "A" (S-255) proposed to increase the amount of county reimbursement for services for Hancock County from \$46,136 to \$51,136. The increase of \$5,000 would be used for the Eagle Island ferry service.

Enacted law summary

Private and Special Law 1999, chapter 25 established the municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. A clerical error in the amount identified for "Property Tax Assessment - Operations" was corrected in Public Law 1999, chapter 510. Chapter 25 was an emergency measure and took effect May 21, 1999.

LD 1874

An Act to Provide a Permanent Source of Funding for the Land for Maine's Future Fund

ONTP

Sponsor(s)
KONTOS

Committee Report
ONTP

Amendments Adopted

LD 1874 proposed to provide that 1% of the proceeds from the real estate transfer tax, which otherwise would be deposited in the General Fund, must be deposited in the Land for Maine's Future Fund to provide funding for the acquisition of public lands.

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>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS WHEELER E	ONTP	

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>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MICHAUD		

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>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CIANCHETTE	OTP-AM	H-690

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**

<u>Sponsor(s)</u> VOLENIK	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1953 proposed to repeal sales and use tax exemptions, exclusions and credits and appropriate the additional revenues to provide \$400,000,000 in each year of the biennium as additional state funding for primary and secondary education. The Department of Education would be required to submit the legislation necessary to implement the proposed new subsidy distribution to the next session of the Legislature. Any additional new revenue would be used to reduce the sales and use tax rates.

LD 1956 An Act to Limit the Number of Appeals Concerning a Property Tax Assessment ONTP

<u>Sponsor(s)</u> PIEH KILKELLY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1956 proposed to limit the appeal of a property tax assessment to one time if the applicant does not prevail in a decision by the board of assessment review.

LD 1959 An Act to Require Payment of the Excise Tax for First-time Vehicle Registration Only ONTP

<u>Sponsor(s)</u> SNOWE-MELLO DAVIS P	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1959 proposed to change the basis for the motor vehicle excise tax to the purchase price of the vehicle, as evidenced by the bill of sale or the sales tax document instead of the maker's list price. This is the current practice for a commercial vehicle. The bill also provided that the excise tax on most vehicles would only be due in the first year of registration.

LD 1983 An Act to Assist Independent Contractors to Comply with State Tax Laws ONTP

<u>Sponsor(s)</u> HATCH CAREY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1983 proposed to clarify that the State must use the same criteria for determining status of an employee or independent contractor as is used by the federal Internal Revenue Service.

LD 2016 An Act to Provide a Reward for Certain Tax Information ONTP

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

LD 2016 proposed to provide a reward to a person who provides information to the Bureau of Revenue Services regarding a person or entity that did not pay or that underpaid income taxes for a tax year with 25% of the tax collected as a result of that information.

LD 2023 An Act to Authorize a Local Option Tax on Wages Earned in a Municipality CARRIED OVER

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

LD 2023 proposed to allow municipalities to adopt by referendum a local option wage tax at a rate of not more than 2% of the amount of the Maine income tax owed on wages under the Maine Revised Statutes, Title 36, chapter 803. The tax would be administered by the State. Revenues, less administrative costs, would be returned to the municipality where collected. Revenue raised by a local option wage tax must be used by the municipality to finance specifically approved major capital projects.

This bill was carried over to the Second Regular Session.

LD 2024 An Act to Establish the Local Option Tax on Liquor, Meals and Lodging CARRIED OVER

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

LD 2024 proposed to allow municipalities to adopt a local option tax at a rate not to exceed 2% on liquor, meals and lodging that are provided within the municipal corporate limits. The voters of the town would be required to approve this local tax at a local referendum, unless the municipality has a charter that allows the issuance of municipal bonds without a referendum vote.

The tax would apply to the sales of the same liquor, meals and lodging services to which the state sales and use tax currently applies. The tax would be administered by the State and revenues less administrative costs returned to the municipality where collected. The additional revenue raised by the local option tax must be used by the municipality to finance specifically approved major capital projects.

This bill was carried over to the Second Regular Session.

LD 2035 An Act to Clarify That Sales Catalogs and Fliers are Exempt from Sales Tax when Purchased for Redistribution at No Charge CARRIED OVER

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 2035 proposed to provide a sales tax exemption for fliers, bulletins, catalogs or promotional materials that are purchased for redistribution at no charge.

This bill was carried over to the Second Regular Session.

LD 2048 An Act to Eliminate the Sales Tax on Fuel Oil Used for Plant and Animal Husbandry ONTP

<u>Sponsor(s)</u> BAKER SMALL	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 2048 proposed to provide a sales tax exemption for fuel oil used for plant and animal husbandry.

LD 2055 An Act to Eliminate the Sales Tax on Labor for Installing Telephone, Telegraph and Related Equipment ONTP

<u>Sponsor(s)</u> SKOGLUND	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 2055 proposed to eliminate the sales tax on the service or installation of telecommunication services, telegraph services or telecommunication-related or telegraph-related computer services.

LD 2071 An Act Concerning Penalties under the Maine Tree Growth Law and the Farm and Open Space Law ONTP

<u>Sponsor(s)</u> MCKENNEY AMERO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 2071 proposed to provide that tax assessors may choose whether to impose the withdrawal penalty on landowners whose land was classified for at least 5 years under the Maine Tree Growth Tax Law or the farm and open space tax law.

LD 2101 An Act to Enhance the Maine State College Savings Program CARRIED OVER

<u>Sponsor(s)</u> PINGREE	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 2101 proposed to provide a 10% income tax credit for contributions to a Maine College Savings Program account, up to a maximum credit of \$1,500 per year.

This bill was carried over to the Second Regular Session.

LD 2102 **An Act to Exempt from Use Tax Merchandise that is Donated to a Nonprofit Organization** **ONTP**

<u>Sponsor(s)</u> RUHLIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2102 proposed to exempt from the use tax merchandise that a retailer or distributor donates to a nonprofit organization.

LD 2114 **An Act to Reduce Sales and Use Taxes and Address Volatility Within the State's Revenue System** **ONTP**

<u>Sponsor(s)</u> GAGNON RUHLIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2114 was a concept draft that proposed to reduce volatility in the State's revenue system by lowering reliance on the sales and use tax by reducing the rate of the sales and use tax and modernizing the tax base by reviewing sales tax exemptions and exclusions and other sections of the tax code.

Enacted law summary

Private and Special Law 1999, chapter 49 provides one-time funding of \$109,000 in fiscal year 1999-00 to the National World War II Memorial Fund. The amount appropriated is approximately equal to one dollar for each resident of this State who served in the Armed Forces of the United States during World War II.

LD 2122 **An Act to Base the Rate of Tax Imposed on Married Couples Solely on Income Earned in this State** **CARRIED OVER**

<u>Sponsor(s)</u> LEMONT		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 2122 proposed to provide that the income tax liability of a married nonresident individual be calculated using the rate that is determined based only on income earned in Maine. Deductions, exemptions and credits would be prorated.

This bill was carried over to the Second Regular Session.

LD 2143 **An Act to Reduce the Income Tax** **INDEF PP**

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

LD 2143 proposed to increase by 10% the upper limit of each tax bracket. It also provides for an annual adjustment of these amounts based on the Consumer Price Index.

LD 2165 An Act to Provide a Sales Tax Credit on the First \$2000 of the Purchase Price of Certain Automobiles ONTP

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

LD 2165 proposed a motor vehicle excise tax credit equal to the sales tax up to a maximum of \$2,000 of the value of motor vehicles purchased for personal use.

**LD 2175 An Act to Amend the Maine Residents Property Tax Program PUBLIC 507
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN	OTP-AM	S-293

LD 2175 proposed to permit a person to qualify for prorated reimbursement under the Maine Residents Property Tax Program if the person is domiciled in a homestead for at least 6 months of a calendar year, rather than the current requirement of full year domicile, and is otherwise qualified. This bill would apply retroactively to January 1, 1997.

Committee Amendment "A" (S-293) proposed that a claimant whose claim is based on occupancy of less than a full calendar year must have owned or maintained a homestead for the full calendar year.

Enacted law summary

Public Law 1999, chapter 507 permits a person to qualify for prorated reimbursement under the Maine Residents Property Tax Program if the person is owned or maintained a homestead in Maine for the full calendar year, was domiciled in a homestead for at least 6 months of a calendar year and is otherwise qualified. This bill applies retroactively to January 1, 1997. Chapter 507 was an emergency measure and took effect on June 11, 1999.

LD 2180 An Act to Promote Participation in the Maine Residents Property Tax Program P & S 39

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY MILLS	OTP-AM	H-648 S-425 MICHAUD

LD 2180 proposed to require the Bureau of Revenue Services and the Department of Human Services to ensure that persons receiving certain public assistance from the Department of Human Services are mailed an application for the Maine Residents Property Tax Program. The bill would also require that low-income tax filers receive notice of the availability of

certain public assistance programs administered by the Department of Human Services. The Bureau of Revenue Services would also be required to conduct an outreach campaign to encourage people to apply for the Maine Residents Property Tax Program and provides for the electronic filing of those applications.

Committee Amendment "A" (H-648) would replace the bill and proposed that the unspent appropriations for the Maine Residents Property Tax Program would not lapse to the General Fund at the end of the fiscal year. The amendment would authorize the Bureau of Revenue Services to spend up to \$300,000 of surplus appropriations for outreach and require the bureau to adopt rules specifying the method for using those funds

Senate Amendment "A" to Committee Amendment "A" (S-425) proposed to require the Bureau of Revenue Services to conduct an outreach program within existing resources appropriated for the Maine Residents Property Tax Program.

Enacted law summary

Private and Special Law 1999, chapter 39 requires the Bureau of Revenue Services to conduct an outreach program within existing resources appropriated for the Maine Residents Property Tax Program to encourage participation in the program by eligible individuals.

LD 2184 **An Act to Exempt from the Sales Tax Feminine Hygiene Products** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BAKER RUHLIN	ONTP	

LD 2184 proposed a sales tax exemption for feminine hygiene products.

LD 2207 **An Act to Eliminate the Personal Property Tax and Make Other Changes in the Tax Laws** **CARRIED OVER**

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

LD 2207 is a concept draft that proposed to:

1. Eliminate the personal property tax and reimburse municipalities for 100% of the resulting loss of tax revenue through a revenue-sharing program separate from the state-municipal revenue sharing provided for in the Maine Revised Statutes, Title 30-A, section 5681;
2. Eliminate the sales tax exemption for machinery and equipment used in production;
3. Eliminate the Business Equipment Tax Reimbursement (BETR) program that provides for reimbursement for taxes paid on certain business property; and
4. Impose a 1% tax on ingredients and components used in production.

This bill was carried over to the Second Regular Session.

LD 2211 **Resolve, to Modify the State Valuation for the Sappi Plant in the City of Westbrook** **RESOLVE 54 EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
USHER O'GARA	OTP-AM	H-680

LD 2211 proposed to establish the state valuation, for purposes of calculation of county taxes, school appropriations and revenue sharing, for the Sappi Fine Paper North America plant located in the City of Westbrook at \$125,000,000 for fiscal year 1999 and \$95,000,000 for fiscal year 2000.

Committee Amendment "A" (H-680) proposed to restrict the bills application to the 1999 state valuation and to provide that the modified state valuation applies only in the calculation of state-municipal revenue sharing and not for purposes of county taxes and distribution of state education funding.

Enacted law summary

Resolve 1999, chapter 54 established the 1999 state valuation for the City of Westbrook for purposes of calculating municipal revenue sharing based on a valuation of the property of Sappi Fine Paper North America at \$140,000,000. Chapter 54 was enacted as an emergency measure and took effect June 5, 1999. Also see LD 2241, Resolve, chapter 77.

LD 2216 An Act to Strengthen the Maine Taxpayer Bill of Rights ONTP

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

LD 2216 proposed to ensure that Maine Revenue Services abides by the Taxpayer Bill of Rights, and does not engage in coercive or abusive practices in its dealings with taxpayers. The bill permits a taxpayer to complain about treatment to the director of the appellate division of Maine Revenue Services and, subsequently, to the Superior Court, if necessary. Among the remedies that would be provided for failure to follow the required safeguards in dealing with a taxpayer is reimbursement of costs, including attorney's fees, to the taxpayer.

LD 2221 An Act to Restore Majority State Funding of Public Education in Maine ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRENNAN LAWRENCE	REREFER	

LD 2221 proposed to amend the law (which was repealed by Public Law 1999, chapter 401, Part X, section X-2) that required that revenue derived from 0.5% of the sales tax be transferred to the Maine Rainy Day Fund for each month following a fiscal year in which General Fund revenue exceeded prior year revenue by 8% or more, on a base-to-base comparison, excluding one-time revenue gains and losses, and that the following October this transfer be replaced with a drop of 0.5% in the rate of the sales tax. Specifically, this bill proposed amending the law to require that:

1. An amount equal to that generated by 0.5% of the sales tax be transferred into the program, general purpose aid for local schools or "GPA," rather than the Maine Rainy Day Fund if GPA provided 51% or less of the State's kindergarten, elementary and secondary school actual operating and program costs and debt service;
2. Any funds provided to GPA pursuant to this bill must be built into GPA's base appropriation for future budget years;

3. The transfer to GPA would not include funds dedicated to municipal revenue sharing;
4. That the tax rate could not be lowered if the tax rate was 5% or lower or if GPA provided 51% or less of the State's kindergarten, elementary and secondary school actual operating and program costs and debt service; and
5. That any funds transferred to the Maine Rainy Day Fund under the law for the fiscal year ending June 30, 2000 be transferred to GPA.

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

LD 2241 **Resolve to Modify the State Valuation for the Sappi Plant in the City of Westbrook and the Town of Livermore Falls for Purposes of Education Funding** **RESOLVE 77**

<u>Sponsor(s)</u> MICHAUD	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-426
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LD 2241, reported pursuant to joint order, proposed to establish the 1999 state valuation, for purposes of calculation of school appropriations, for the Sappi Fine Paper North America plant located in the City of Westbrook at \$140,000,000 for fiscal year 1999-00 and appropriates funds for payment of additional school subsidy amounts.

Senate Amendment "A" added a provision establishing the 1999 state valuation, for the purposed of calculation of school appropriations, for the property of Northeast Empire Limited Partnership in the Town of Livermore Falls at \$23,809,523 and appropriates funds for payment of additional school subsidy amounts.

Enacted law

Resolve 1999, chapter 77 establishes reduced 1999 state valuations for the City of Westbrook and the Town of Livermore Falls and appropriates funds for the payment of additional school subsidy payments. Also see LD 2211, Resolve 1999, chapter 54.

LD 2256 **An Act to Conform the Tax Laws of this State for 1998 With the United States Internal Revenue Code** **CARRIED OVER**

<u>Sponsor(s)</u> GAGNON	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 2256 proposed to establish full conformity in the Maine income tax laws for the health insurance deduction for self-employed individuals and their dependents.

This bill was carried over to the Second Regular Session.

SP 771 **Joint Order - Relative to the Commission to Study Single-sales Factor Apportionment** **PASSED AS AMENDED**

Sponsor(s)
RUHLIN

Committee Report
PASSED AS AMENDED

Amendments Adopted
S-452

This Joint Order establishes the Commission to Study Single-sales Factor Apportionment used to apportion the business income of corporations with business activities in the state and in other states. The Commission is required to report to the Second Regular Session of the 119th Legislature.

Senate Amendment "B" (S-452) proposed reimbursement of expenses for public commission members not reimbursed by their employees and changes the reporting date to December 1, 1999.

SP 860

Ordered, the House concurring that the Joint Standing Committee on Taxation study and report out to the Senate in the Second Regular Session of the 119th Legislature a bill on the issue of the pension equity

**READ AND
PASSED**

Sponsor(s)
RUHLIN

Committee Report
READ AND PASSED

Amendments Adopted

This Joint Order requires the Joint Standing Committee on Taxation to study and report legislation to the Second Regular Session of the 119th Legislature relating to pension equity under the income tax.