

Joint Standing Committee on Taxation

LD 607

An Act to Exempt Nonprofit Ambulance and Fire Emergency Services from the State's Sales Tax

**PUBLIC 723
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KILKELLY	OTP-AM MAJ ONTP MIN	S-476

LD 607 was carried over from the First Special Session. The bill proposed to extend the sales tax exemption for incorporated volunteer fire departments and ambulance corps to any incorporated nonprofit fire department or ambulance corps.

Committee Amendment "A" (S-260), (majority report in the First Special Session), proposed to change the term “ambulance corps” to “ambulance service and add a fiscal note.

Committee Amendment "B" (S-476), (majority report in the Second Regular Session), proposed to change the term ambulance corps to ambulance services and add an effective date of July 1, 1998 and a fiscal note.

Enacted law summary

Public Law 1997, chapter 723 extends the sales tax exemption for incorporated volunteer fire departments and ambulance corps to any incorporated nonprofit fire department or ambulance corps effective July 1, 1998.

LD 1748

An Act to Modernize Maine's Fuel Tax Laws

PUBLIC 738

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN DRISCOLL	OTP-AM	S-537 S-765 O'GARA

LD 1748 was carried over from the First Special Session. The bill proposed to repeal Maine's existing fuel tax laws and replace them with a single statute that closely conforms with federal tax treatment of motor fuels. The bill proposed to establish a modern, efficient and effective fuel tax collection and enforcement system intended to deter fuel tax evasion. The bill proposed to deter evasion through increased conformity with federal law concerning the imposition of tax on motor fuels and increased reliance on highway enforcement systems. The bill was intended to conform Maine’s method of imposing an excise tax on motor fuel to the Internal Revenue Code and regulations issued pursuant to it, as well as to create a framework for immediate highway enforcement of anti-smuggling provisions, without materially altering existing petroleum marketing practices, economics or relationships.

Committee Amendment "A" (S-537) replaced the original bill. The amendment proposed to replace several provisions in Maine's gasoline and special fuel tax laws to improve readability and to make changes intended to deter tax evasion. Diesel fuel that is dyed pursuant to the requirements of the Federal Government is made exempt from excise tax, thereby decreasing refund-related paperwork for the industry and for the State. The allowance for gasoline stock loss is changed to 1/2 of 1% on an annual basis, and a new allowance for special fuel is provided at

1/4 of 1% on an annual basis. A new monthly reporting requirement is imposed on motor fuel wholesalers in order to provide the Bureau of Revenue Services with additional audit tools for identifying noncompliance. The amendment also added an allocation section and a fiscal note to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-765) eliminated the Principal Revenue Agent position, adjusted the allocation section and replaced the fiscal note.

Enacted law summary

Public Law 1997, chapter 738 replaced several provisions in Maine's gasoline and special fuel tax laws to improve readability and to make changes intended to deter tax evasion. Diesel fuel that is dyed pursuant to the requirements of the Federal Government was made exempt from excise tax, thereby decreasing refund-related paperwork for the industry and for the State. The allowance for gasoline stock loss was changed to 1/2 of 1% on an annual basis, and a new allowance for special fuel was provided at 1/4 of 1% on an annual basis. A new monthly reporting requirement was imposed on motor fuel wholesalers in order to provide the Bureau of Revenue Services with additional audit tools for identifying noncompliance.

LD 1803 An Act to Encourage the Payment of Delinquent Taxes INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAGGETT	OTP-AM	S-513

LD 1803 was carried over from the First Special Session. The bill provided that when a check payable to the State for taxes is returned due to insufficient funds, the person who wrote the check shall pay a penalty of \$20 or 12% of the amount of the check, whichever is greater.

Committee Amendment "A" (S-513) would have replaced the original bill. The amendment would have provided for a reduction in the penalty for failure to file a tax return following a formal demand from the State Tax Assessor from 100% to 50 % of the tax due. The lower penalty was intended to encourage the payment of delinquent taxes. The reduction in penalty would have applied to formal demands made on or after January 1, 1999. The amendment also would have added a fiscal note.

LD 1820 An Act to Establish a Penalty on Gains from the Sale or Exchange of Land from Which Timber Has Been Harvested ONTP

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

LD 1820 was carried over from the First Special Session. The bill proposed to create a penalty on gains from the sale or exchange of land for timber harvesting. The bill would have established a graduated penalty that would decline over a 10-year period and would be related to the amount of gain as a percentage of the cost basis. The penalty would have applied to parcels of land greater than 100 acres.

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

LD 1824 was carried over from the First Special Session. The bill proposed the establishment of a system of tax revenue targets for state and local taxes. The targets would be recommended by the Governor based on the projections of the Consensus Economic Forecasting Commission and the Revenue Forecasting Committee and the advice of a State-Local Advisory Committee and adopted by the Legislature based upon review and recommendation of the Joint Standing Committee on Taxation. The targets would establish the amount of state and local revenue to be collected annually as a percentage of statewide personal income. The Governor’s proposed biennial budget and the budget enacted by the Legislature would be required to be consistent with adopted targets. Beginning with the 2000-2002 biennium, if state revenue exceeds the targets by .05% or more, 50% of the state portion would be placed in the Maine Rainy Day Fund and the remainder used to fund state obligations and for tax reductions. If local revenue, not counting the amount required to meet obligations not met by the State, exceeds the target by .05% or more, at least 50% of the noneducation portion is deducted from the municipality’s State-Municipal Revenue Sharing and used to redistribute to municipalities that did not exceed the targets and the remainder placed in a property tax reduction fund.

Committee Amendment "A" (S-618) (not adopted) would have permitted the use of excess revenues to pay existing or anticipated liabilities of the State and included in the list of state obligations reimbursement for law enforcement officers' appearances in District Court. The amendment would have removed provisions from the bill reducing State-Municipal Revenue Sharing if local revenue targets are exceeded and requires municipalities and school districts to provide notice of revenue targets in budget and tax documents. The amendment also would have added a state mandate preamble and a fiscal note to the bill.

House Amendment "A" to Committee Amendment "A" (H-1142) (not adopted) would have removed the state mandate preamble.

House Amendment "B" to Committee Amendment "A" (H-1151) (not adopted) would have removed the provisions of the bill requiring the state budget to be within revenue targets and make technical corrections.

Senate Amendment "A" to Committee Amendment "A" (S-684) (not adopted) would have removed provisions requiring the state budget to be within revenue targets and make technical corrections.

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

LD 1853 was carried over from the First Special Session. The bill would have exempted from Maine income tax the distribution from an individual retirement account to the extent that the contributions to the account by the taxpayer were previously taxed by another jurisdiction.

Committee Amendment "A" (S-468) (not adopted) was the minority report of the Committee. It would have added an appropriation section and a fiscal note to the bill.

Senate Amendment "A" (S-471) (not adopted) would have directed the State Tax Assessor to adopt rules to determine the amount of the taxpayer's contribution that would be deductible in any given year.

LD 1855 **An Act Regarding the Taxation of Goods Purchased in Connection with the Operation of a High-stakes Beano or High-Stakes Bingo Game** **DIED BETWEEN BODIES**

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

LD 1855 was carried over from the First Special Session. The bill proposed to provide that a federally recognized Indian tribe that operates high-stakes beano or high-stakes bingo is operating in the tribe's governmental capacity. Providing the status of "operating in a governmental capacity" would exempt the tribe from state sales and income taxes.

Committee Amendment "B" (H-810) (minority report) would have replaced the bill. It would have placed the sales tax exemption in Title 36 of the Maine Revised Statutes with other sales tax exemptions. The amendment would have provided that only certain tangible personal property sold to a federally recognized Indian tribe for use in high-stakes beano or bingo games is exempt from sales tax. The amendment also would have added an effective date and a fiscal note to the bill. This amendment was adopted in the House; the Senate adopted the majority Ought Not to Pass report. A Conference Committee was appointed but was unable to reach agreement.

LD 1908 **An Act to Conform the Maine Tax Laws for 1997 with the United States Internal Revenue Code** **PUBLIC 596 EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN MORGAN	OTP-AM	S-469

LD 1908 would provide for conformity of the Maine income, estate and mining excise tax laws with the federal tax laws as of December 31, 1997, for tax years beginning on or after January 1, 1997.

Committee Amendment "A" (S-469) adds a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 596 provides for conformity of the Maine income, estate and mining excise tax laws with the federal tax laws as of December 31, 1997, for tax years beginning on or after January 1, 1997. This bill was enacted as an emergency measure with an effective date of March 13, 1998.

LD 1909

An Act to Ensure That Temporary Structure Property Is Subject to Taxation

ONTP

Sponsor(s)
NUTTING

Committee Report
ONTP

Amendments Adopted

LD 1909 proposed to add structures that are not affixed to the ground and that are used for storage to the list of items of personal property that remain subject to property taxation even though they are individually owned and have a just value of less than \$1,000.

LD 1923

An Act to Improve Employment Tax Increment Financing

PUBLIC 766

Sponsor(s)
VIGUE

Committee Report
OTP-AM

Amendments Adopted
H-818

LD 1923 proposed changes to the Maine Employment Tax Increment Financing Program. The bill would require that, in determining the number of new employees required to establish employer eligibility for the program, the wages of all net new employees be computed as an annual average rather than being considered individually for each new employee. The bill would provide that the percentage of payment based upon labor market unemployment rates be established for a 10-year period based upon unemployment rates at the time of application rather than on an annual basis. The bill would establish a 75% level of payment for eligible businesses in labor market areas of the State where the unemployment rate is more than twice the state average.

Committee Amendment "A" (H-818) provided that the percentage of payment for the first 5 years of an employment tax increment financing development program would be based on the labor market unemployment rate at the time of application. For the 2nd 5 years of the program, the percentage of payment would be established based on the labor market unemployment rate at the beginning of the 6th year. The amendment proposed to change the standard for the 75% level of payment from twice the state unemployment rate to 150% of the state unemployment rate. The amendment also adds a fiscal note.

Enacted law summary

Public Law 1997, chapter 766 provides that, in determining the number of new employees required to establish employer eligibility for the program, the wages of all net new employees be computed as an annual average rather than being considered individually for each new employee. The law provides that the percentage of payment based upon labor market unemployment rates be established for the first 5 years based upon unemployment rates at the time of application and for the 6th to 10th year based on unemployment rates at the beginning of the 6th year rather than on an annual basis. The law establishes a 75% level of payment for eligible businesses in labor market areas of the State where the unemployment rate is more than 150% of the state average.

LD 1927

An Act to Amend the Laws Regarding Tax Exemptions for Pollution Control Equipment

ONTP

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

LD 1927 would have provided that a facility may qualify for exemption from sales and property tax as a pollution control facility even if it is used as part of an industrial production process or replaces existing equipment. The bill would also have provided that the taxpayer's intent regarding the primary purpose of the equipment is a determining factor rather than the primary use of the equipment.

LD 1931 An Act to Create Incentives for Employers to Contribute toward PUBLIC 775
the Costs of Comprehensive Health Insurance for Families

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LONGLEY WINGLASS	OTP-AM	S-521 S-762 MICHAUD

LD 1931 proposed an income tax credit to businesses that are employing units with 50 or fewer employees that provide health insurance coverage for employees. The credit would be equal to the portion of the cost of the coverage that exceeds 7.5% of gross payroll up to a maximum of \$5,000. The bill proposed a tax credit to taxpayers equal to 20% of the cost of their own health insurance coverage for preventive care. The bill also proposed to exempt from the definition of income under the Maine Residents Property Tax Program, the "circuit breaker" program, an amount equal to the premium paid for health insurance coverage that includes coverage for preventive care.

Committee Amendment "A" (S-521) replaced the original bill. The amendment proposed to establish an income tax credit for eligible employers who provide dependent health care coverage for low-income employees. An employer would be eligible if the employer maintained a health benefit plan available to low-income employees who work specified hours and the employer paid at least 80% of the cost of employee benefits and at least 60% of dependent benefits. The credit would be equal to 20% of the cost of dependent health benefits and could not exceed 50% of the income tax otherwise owed.

Senate Amendment "A" to Committee Amendment "A" (S-688) (not adopted) would have limited the credit for dependent health benefits paid under a health benefit plan to employers with fewer than 5 low-income employees. The amendment would have provided that a taxpayer who received the credit in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5. The amendment also would have provided that the credit equals the lesser of 20% of dependent health benefits paid under a health benefit plan during the taxable year for which the credit is allowed or \$125 per employee. The amendment would specify that the credit applies in tax years beginning on or after January 1, 1999.

Senate Amendment "B" to Committee Amendment "A" (S-689) (not adopted) is the same as Senate Amendment "A" (S-688) except that it would have provided that the credit applies to tax years beginning on or after January 1, 1999 and to benefits paid after July 1, 1999.

Senate Amendment "C" to Committee Amendment "A" (S-719) (not adopted) is the same as Senate Amendment "A" (S-688) except that it also would have made changes to clarify the meaning of "actuarial value" and to require the taxpayer to submit supporting documentation.

Senate Amendment "D" to Committee Amendment "A" (S-762) is the same as Senate Amendment "C" (S-719) except for the fiscal note.

Enacted law summary

Public Law 1997, chapter 762 establishes an income tax credit for eligible employers who provide dependent health care coverage for low-income employees. An employer with fewer than 5 low-income employees is eligible if the employer maintains a health benefit plan available to low-income employees who work specified hours and the employer paid at least 80% of the cost of employee benefits and at least 60% of dependent benefits. A taxpayer who received the credit in the preceding year and whose number of low-income employees is 5 or more may continue to receive the credit for 2 years after the last year in which the number of low-income employees was fewer than 5. The credit is equal to the lesser of 20% of the cost of dependent health benefits or \$125 per employee and may not exceed 50% of the income tax otherwise owed. The credit applies to tax years beginning on or after January 1, 1999.

LD 1933 **Resolve, Authorizing the State Tax Assessor to Convey the Interest of the State in Certain Real Estate in the Unorganized Territory** **RESOLVE 91**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN GREEN	OTP-AM	S-467

LD 1933 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

Committee Amendment "A" (S-467) makes numerous technical changes and adds a fiscal note.

Enacted law summary

Resolve 1997, chapter 91 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

LD 1945 **An Act to Minimize State Revenue Loss Due to Ineffective Health Coverage** **ONTP**

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

LD 1945 proposed to create an income tax credit for an employer that pays at least 60% of the costs of coverage of an employee health insurance plan that meets the minimum requirements for small group health plans. The tax credit would be equal to \$5,000; 20% of the costs of providing the required plan; or \$100 for each covered employee, whichever is lowest.

LD 1959 **An Act to Expand Eligibility for the Elderly Low Cost Drug Program** **ONTP**

<u>Sponsor(s)</u> DAGGETT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1959 proposed to change income eligibility for the Elderly Low Cost Drug Program to provide that an individual is eligible if that person's family income is below 150% of the nonfarm poverty income level.

LD 1963 **An Act to Require the Bureau of Revenue Services to Report on the Incidence of Tax Burdens to Business Sectors of the State's Economy and to Income Classes of Citizens** **PUBLIC 744**

<u>Sponsor(s)</u> MILLS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-486
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LD 1963 proposed to require the Bureau of Revenue Services to report to the Legislature before each legislative biennium on how the tax structure affects individuals and various segments of the State's economy and to report on the relative burdens among business and industrial segments of the economy. The bill also requires the bureau to prepare an analysis, at the request of the joint standing committee of the Legislature having jurisdiction over taxation matters for legislation with an impact that exceeds \$20,000,000.

Committee Amendment "A" (S-486) changed the date of the first revenue incidence report to July 1, 1999 and would require the Bureau of Revenue Services, when determining the incidence of taxes, to subtract the amount of taxes returned directly to taxpayers through tax relief programs from the amount of revenues collected. The amendment also adds a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 744 requires the Bureau of Revenue Services to report to the Legislature by July 1, 1999 and before each legislative biennium thereafter on how the tax structure affects individuals and various segments of the State's economy and to report on the relative burdens among business and industrial segments of the economy. When determining the incidence of taxes, the bureau must subtract from revenue collected the amount of taxes returned to taxpayers. The bill also requires the bureau to prepare an analysis, at the request of the joint standing committee of the Legislature having jurisdiction over taxation matters for legislation with an impact that exceeds \$20,000,000.

LD 1980 **An Act Relating to the Taxation of the Sale of Hay** **PUBLIC 725**

<u>Sponsor(s)</u> CAMERON	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-839
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LD 1980 proposed to require that sales of agricultural products to a person raising and keeping equines are exempt from the sales tax only if the purchaser produces a certificate from the State Tax Assessor that the purchaser is engaged in raising equines. Sales of hay and bedding would be exempt only if a certificate was produced that the purchaser raises and keeps farm animals.

Committee Amendment "A" (H-839) replaced the bill. It would provide that all sales of hay are exempt from sales tax. The amendment also changed the title of the bill and added a fiscal note.

Enacted law summary

Public Law 1997, chapter 725 provides that all sales of hay are exempt from sales tax.

LD 2009 An Act to Prohibit the Taxing of Retirees' Pensions ONTP

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

LD 2009 proposed to encourage retired people to move to Maine by providing an income tax deduction for pension income from employment outside the State.

LD 2010 An Act Regarding the State Valuation of the Town of Orono ONTP

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

LD 2010 proposed to adjust the state valuation of the Town of Orono for 1997 and 1998 when the closing of the Striar Textile Mill and the Bangor Hydro-Electric Company's hydroelectric generating facility are not reflected in the state valuation as a result of the lag in determination of the state valuation.

See related bill LD 2192.

LD 2019 An Act to Exempt the Lessee Who Purchases a Vehicle from Further Sales Tax on That Vehicle ONTP

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

LD 2019 proposed to exempt from sales tax the purchase of a leased vehicle by the lessee of that vehicle, but only if the lessee paid the sales tax on the value of the lease, and only up to a maximum of the amount paid on the value of the lease. The bill was intended to avoid the potential for perceived “double taxation” of the purchase of vehicles leased before January 1, 1995 when the sales tax treatment of leased vehicles was changed. The bill was based on a misinterpretation of pre-1995 sales tax treatment of motor vehicle leases.

LD 2035 An Act Regarding the State Valuation of the Town of Ashland ONTP

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

LD 2035 proposed to adjust the 1998 state valuation of the Town of Ashland for one year during the period when the closing of a biomass energy plant owned by Alternative Energy, Inc. is not reflected in the state valuation as a result of the lag in determination of the state valuation.

See related bill LD 2192.

LD 2065 An Act Relating to the State Valuation of the Town of Wiscasset INDEF PP

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

LD 2065 was indefinitely postponed prior to being referred to committee. It proposed to adjust the state valuation of the Town of Wiscasset during the period when the closing of Maine Yankee is not reflected in the state valuation as a result of the lag in adjustments to the state valuation by the Department of Administrative and Financial Services, Bureau of Taxation. This adjustment would have allowed the Town of Wiscasset to receive higher school subsidies and state-municipal revenue sharing from the State during this period.

See related bills LD 2192.

LD 2070 An Act to Allow a Tax Refund for Used Business Equipment Purchased and Used in Maine ONTP

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

LD 2070 proposed to allow qualified business property previously used in Maine to become eligible for reimbursement under the business equipment tax reimbursement, or "BETR," program if the property is sold and put into service after April 1, 1998..

LD 2074 Resolve, to Reimburse Cable Companies for Expenditures Made while Participating in the Business Equipment Tax Reimbursement Tax Program RESOLVE 125

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEAL	ONTP MAJ OTP-AM MIN	H-1043

LD 2074 proposed to provide reimbursement under the business equipment tax reimbursement program for cable television companies whose eligibility was repealed retroactively in 1997. This bill would not restore ongoing eligibility but would provide reimbursement for property acquired before the enactment of the exclusion.

Committee Amendment "A" (H-1043) restricted reimbursement for cable television companies to claims that were filed in a timely manner based on the 1996 property tax year. The amendment also added an appropriation section and a fiscal note to the resolve.

Enacted law summary

Resolve 1997, chapter 125 provides for reimbursement under the business equipment tax reimbursement program for certain cable television companies whose eligibility was retroactively repealed in 1997. Reimbursement is restricted to claims that were filed in a timely manner based on the 1996 property tax year.

LD 2077 Resolve, to Establish the Task Force to Increase Primary and RESOLVE 127
Secondary Forest Product Manufacturing

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BELANGER D KIEFFER	OTP-AM	H-917 S-763 MICHAUD

LD 2077 proposed to establish the Northern Aroostook Enterprise Zone to be administered by the Northern Aroostook Enterprise Zone Development Board to promote economic development in the zone. As incentives for development, the bill would create for eligible businesses a raw materials credit, a utility credit and a job creation credit and provide for partial state reimbursement for property tax abatements granted by municipalities to eligible new businesses.

Committee Amendment "A" (H-917) replaced the original bill. The amendment proposes to create the Task Force to Increase Primary and Secondary Forest Product Manufacturing for the purpose of exploring and recommending ways to improve the competitive position of the forest products industry in this State. The amendment also adds a fiscal note to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-751) (not adopted) would have provided that the Task Force to Increase Primary and Secondary Forest Product Manufacturing would hold 4 public meetings and that the meetings would be held in certain specified counties. It also would have eliminated the General Fund appropriation for the costs of the task force, authorizes a transfer from the Bureau of Revenue Services to fund \$1,000 of the costs for legislative members and requires the Department of Economic and Community Development to absorb other task force expenses.

Senate Amendment "B" to Committee Amendment "A" (S-763) is the same as Senate Amendment "A" (S-751) except that it makes a technical correction.

Enacted law summary

Resolve 1977, chapter 127 creates a Task Force to Increase Primary and Secondary Forest Product Manufacturing for the purpose of exploring and recommending ways to improve the competitive position of the forest products industry.

LD 2087 **An Act to Clarify the Tax-exempt Status of the Maine School of Science and Mathematics** **PUBLIC 772**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEAL	OTP-AM	H-843 H-928 TRIPP

LD 2087 proposes to clarify the tax-exempt status of the Maine School of Science and Mathematics as a public entity by expressly satisfying certain Internal Revenue Service criteria for the interest on the school's borrowings to be exempt from federal taxation. The bill also proposes to give the school's board of trustees express authority to enter into leases and lease-purchase agreements with terms not to exceed 10 years.

Committee Amendment "A" (H-843) adds a fiscal note to the bill.

House Amendment "A" (H-928) removes the emergency preamble and emergency clause from the bill.

Senate Amendment "A" (S-777) (not adopted) is the same as House Amendment "A" (H-928).

Enacted law summary

Public Law 1997, chapter 772 clarifies the tax-exempt status of the Maine School of Science and Mathematics as a public entity by expressly satisfying certain Internal Revenue Service criteria for the interest on the school's borrowings to be exempt from federal taxation. The bill also gives the school's board of trustees express authority to enter into leases and lease-purchase agreements with terms not to exceed 10 years.

LD 2100 **An Act to Permit a Local Development Commission to Assess a User Fee** **ONTP**

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

LD 2100 was intended to provide that a local development commission formed pursuant to an interlocal agreement may assess a user fee against a property owner for the cost of municipal services provided to that owner's property by one of the municipalities participating in the agreement. This fee would have the same priority as, and could be enforced in the same manner as, a real estate tax lien.

LD 2120 **An Act Concerning Technical Changes to the Tax Laws** **PUBLIC 668
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN TRIPP	OTP-AM	S-629

LD 2120 proposed to make technical corrections, clarifications and minor substantive changes to various laws concerning taxation and repeal various obsolete tax provisions.

Committee Amendment "A" (S-629) makes corrections to the original bill and adds additional technical corrections, clarifications and minor substantive changes. The amendment also adds a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 668 makes technical corrections, clarifications and minor substantive changes to various laws concerning taxation and also repeals various obsolete tax provisions. This bill was enacted as an emergency measure with an effective date of April 2, 1998.

See also LD 2125 which amends a portion of this bill.

LD 2139 An Act to Equalize and Clarify the Tax on Hard Cider PUBLIC 767

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GREEN DAGGETT	OTP-AM	H-856

LD 2139 proposed to reduce the excise tax and alcohol premium on hard cider to the beer rate of 35¢ per gallon rather than its current tax treatment as spirits. The bill also proposed to permit wine, wine spirits, and hard cider to be withdrawn from a bonded wine premises or used on bonded wine premises for purposes such as testing and tasting without being subject to the excise or premium tax.

Committee Amendment "A" (H-856) removed the provision from the original bill permitting wine, wine spirits, and hard cider to be withdrawn from bonded wine premises and adds a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 767 reduces the excise tax and alcohol premium on hard cider to the beer rate of 35¢ per gallon rather than its current tax treatment as spirits.

LD 2158 An Act to Create a Maritime Empowerment Zone ONTP

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

LD 2158 would have required the Commissioner of Economic and Community Development to establish a maritime empowerment zone that would allow businesses to be eligible for the Maine Employment Tax Increment Financing Program.

LD 2171 Resolve, to Implement the Interim Recommendations of the Task Force on State and Federal Tax Filing RESOLVE 128

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ ONTP MIN	H-867 S-758 MICHAUD

LD 2171 proposed to extend the reporting date for one year for the Task Force on State and Federal Tax Filing and to authorize expenses for members of the task force appointed to represent the business community. The bill would authorize the task force to meet up to 12 times during 1998.

Committee Amendment "A" (H-867) proposed to add to the membership of the Task Force on State and Federal Tax Filing a certified public accountant appointed by the Governor, authorize payment of expenses for the certified public accountant, change the appropriation and add a fiscal note to the resolve.

Senate Amendment "A" to Committee Amendment "A" (S-758) would authorize the Task Force on State and Federal Tax Filing to meet up to 4 times in 1998 and adjust the appropriation and fiscal note accordingly.

Enacted law summary

Resolve 1997, chapter 128 extends the reporting date for one year for the Task Force on State and Federal Tax Filing, provides for the appointment to the commission of a certified public accountant, authorizes expenses for members of the task force appointed to represent the business community and authorizes the task force to meet up to 4 times during 1998.

LD 2192 An Act to Create a Nonlegislative System to Adjust Municipal Valuations in the Circumstance of Sudden and Severe Valuation Disruption PUBLIC 688

Sponsor(s)
VIGUE
DAGGETT

Committee Report
OTP-AM

Amendments Adopted
H-1019

LD 2192 would provide an administrative mechanism for adjustment of a municipality's state valuation if there is a sudden and severe reduction in value of a single commercial or industrial taxpayer's property that results in a loss of 3% of the municipality's actual property value.

Committee Amendment "A" (H-1019) would replace the bill. It would establish an administrative mechanism for adjustment of the state valuation for municipalities that have experienced a disruption in net municipal valuation of at least 2% in 1998 and at least 5% in subsequent years, the disruption is attributable to a single taxpayer, and the municipality's equalized tax rate exceeds the state average. The adjusted valuation is used to calculate the municipality's state education funding and state-municipal revenue sharing. The amendment also adds a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 688 establishes an administrative mechanism for adjustment of the state valuation if a municipality has experienced a disruption in net municipal valuation of at least 2% in 1998 and at least 5% in subsequent years, the disruption is attributable to a single taxpayer, and the municipality's equalized tax rate exceeds the state average. The adjusted valuation is used to calculate the municipality's state education funding and state-municipal revenue sharing.

LD 2196

An Act to Expand the Maine Seed Capital Tax Credit Program

PUBLIC 782

Sponsor(s)

Committee Report
OTP-AM

Amendments Adopted
S-528

LD 2196 proposed to amend the Maine Seed Capital Tax Credit Program by increasing the limits on qualifying investments in a Maine business to \$1,000,000 per business and \$200,000 per investor in any one business in any 3 consecutive calendar years. The bill would expand the field of eligible businesses by requiring that the business receiving the investment have annual gross sales of \$3,000,000 or less. The bill also would increase the amount of tax credit certificates that may be issued by the Finance Authority of Maine to \$5,500,000 through calendar year 1998 and \$7,000,000 thereafter.

Committee Amendment "A" (S-528) adds a fiscal note to the bill.

Enacted law summary

Public Laws 1997, chapter 782 amends the Maine Seed Capital Tax Credit Program by increasing the limits on qualifying investments in a Maine business to \$1,000,000 per business and \$200,000 per investor in any one business in any 3 consecutive calendar years. The bill expands the field of eligible businesses by requiring that the business receiving the investment have annual gross sales of \$3,000,000 or less. The bill also increases the amount of tax credit certificates that may be issued by the Finance Authority of Maine to \$5,500,000 through calendar year 1998 and \$7,000,000 thereafter.

See related bill, LD 2088, under the jurisdiction of the Joint Standing Committee on Business and Economic Development.

LD 2215 **An Act to Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 1998-99** **P & S 70 EMERGENCY**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 2215 would establish the municipal cost components for “municipal” services to be provided by the State or by counties in the unorganized territory in fiscal year 1998-99. This bill provides the basis for calculation of the property tax rate in the unorganized territory.

Enacted law summary

Private and Special Law 1997, chapter 70 establishes the municipal cost components for “municipal” services to be provided by the State or by counties in the unorganized territory in fiscal year 1998-99. This bill provides the basis for calculation of the property tax rate in the unorganized territory. This bill was enacted as an emergency measure with an effective date of March 26, 1998.

LD 2216 **An Act to Implement the Recommendations of the Commission to Study the Restructuring of the State's Fiscal Policies to Promote the Development of High-technology Industry in Maine** **PUBLIC 784**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-911 S-738 MICHAUD
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LD 2216 proposed to implement the recommendations of the Commission to Study the Restructuring of the State's Fiscal Policies to Promote the Development of High-technology Industry in Maine established by Public Law 1997, chapter 557, Part C. It proposed a review of science and technology Ph.D. programs within the University of Maine System, a review of financial aid programs for students in high-technology programs, an analysis of the availability of capital for high-technology businesses, an analysis of tax incentives for high-technology businesses, the development of a marketing plan for the State and the establishment of a high-technology business clearinghouse. The Legislative Council approved an extension of the reporting deadline, and the bill proposes to extend the deadline accordingly.

Committee Amendment "A" (H-911) amendment would clarify and modify the obligations of agencies in reports to the Legislature required by the original bill. It delays the submission date for the analysis of tax incentives and a marketing plan, provides an appropriation to cover the cost of analysis of tax incentives and adds a fiscal note.

Senate Amendment "A" to Committee Amendment "A" (S-738) would strike the appropriation section from Committee Amendment "A" and require that the tax incentive analysis be conducted within existing resources.

Enacted law summary

Public Laws 1997, chapter 784 implements the recommendations of the Commission to Study the Restructuring of the State's Fiscal Policies to Promote the Development of High-technology Industry in Maine established by Public Law 1997, chapter 557, Part C. It requires a review of science and technology programs, including Ph.D. programs within the University of Maine System, a review of financial aid programs for students in high-technology programs, an analysis of the availability of capital for high-technology businesses, an analysis of tax incentives for high-technology businesses, the development of a marketing plan for the State and the establishment of a high-technology business clearinghouse.

LD 2219

An Act to Reduce Income and Property Taxes

**DIED ON
ADJOURNMENT**

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

LD 2219 would have provided that the personal exemption amount for Maine's individual income tax is increased to \$2,400 for tax years beginning on or after January 1, 1998 and to \$2,750 for tax years beginning on or after January 1, 1999. The bill also would create a homestead property tax rebate program for Maine residents to be administered by the State. Under the rebate program Maine residents who owned a homestead during the entire prior calendar year would be eligible for a payment equal to \$7,500 multiplied by the equalized property tax rate for the municipality where the homestead is located.

This bill, with modifications, was incorporated into the budget bill (LD 1950), Public Laws 1997, chapter 643, Part HHH.

Committee Amendment "A" (H-876) (majority report) would have removed those provisions of the original bill providing for a homestead property tax rebate program administered by the State and replaced it with a Maine resident homestead property tax exemption administered by municipalities. The value of the homestead exemption (\$7,500) would have been equalized for each municipality and applied by the municipality to each homestead to reduce the amount of the property tax bill. The amendment would have required state reimbursement to municipalities for property taxes lost as a result of the exemption and 90% reimbursement for state-mandated administrative costs. The amendment would have required municipal property tax bills to identify the amount of the exemption and the amount by which property taxes are reduced as a result of state reimbursement for the homestead exemption. The amendment would have also increased benefits for renters under the Maine Residents Property Tax Program by increasing the percentage of rent constituting property taxes from 15% to 19% of rent paid. The amendment would have added an appropriation and a fiscal note.

Committee Amendment "B" (H-877) (minority report) would have removed the portions of the bill providing for a homestead property tax rebate program and provide for additional state-municipal revenue sharing directed at municipalities with a high local tax burden. The additional revenue sharing would have been funded by directing an additional 2% of state sales and income taxes to a fund set up for this purpose. The funds would have been apportioned among municipalities based upon their local property tax burden that exceeds 10 mills. The amendment also would have reduced the sales tax on automobiles from 6% to 5% and provided a sales tax exemption for the first \$2,000 of the sales price of an automobile. The amendment also would have added a fiscal note to the bill.

House Amendment "A" (H-892) would have exempted from the income tax retirement benefits received by persons due to their service in the United States Armed Forces.

House Amendment "A" to Committee Amendment "A" (H-885) would have increased the amount of the homestead property tax exemption from \$7,500 to \$15,000.

House Amendment "B" (H-893) would have increased the adjustment for inflation that is currently done to tax rate brackets to 1% plus the rate of inflation as determined by the Consumer Price Index. The amendment also would have corrected a section numbering error.

House Amendment "B" to Committee Amendment "A" (H-887) would have removed the provisions for a Maine resident homestead property tax exemption.

House Amendment "C" to Committee Amendment "A" (H-888) would have eliminated the homestead exemption. The amendment would have raised the revenue distributed as state-municipal revenue sharing from 5.1% to 7% of sales and income tax.

House Amendment "D" to Committee Amendment "A" (H-889) would have eliminated the homestead exemption and established an earned income tax credit for state taxes that amounts to 25% of the federal earned income tax credit.

House Amendment "E" to Committee Amendment "A" (H-890) would have eliminated the proposed Maine resident homestead property tax exemption; increased the personal tax exemption amount for Maine's individual income tax to \$2,750 for tax years beginning on or after January 1, 1998; and decreased the top rate of tax imposed on Maine residents from 8.5% to 8%.

House Amendment "F" to Committee Amendment "A" (H-891) would have eliminated the proposed Maine resident homestead property tax exemption; increased the personal tax exemption amount for Maine's individual income tax to \$2,750 for tax years beginning on or after January 1, 1998; eliminated the bottom 2 tax rates imposed on Maine residents, thus exempting from income tax those single individuals and married persons filing separate returns who have taxable income of less than \$8,100; heads of households who have taxable income of less than \$12,150; and individuals filing married joint returns or surviving spouses who have taxable income of less than \$16,200; and decreased from 8.5% to 8% the top rate of tax imposed on Maine residents.

Senate Amendment "A" to Committee Amendment "A" (S-511) would have removed the homestead property tax exemption and provided for additional state-municipal revenue sharing directed at municipalities with a high local tax burden. The additional revenue sharing would have been funded by directing an additional 2% of state sales and income taxes to a fund set up for this purpose. The funds would have been apportioned among municipalities based upon their local property tax burden that exceeds 10 mills.

Senate Amendment "B" to Committee Amendment "A" (S-525) is the same as House Amendment "E" to Committee Amendment "A."

Senate Amendment "C" to Committee Amendment "A" (S-526) is the same as House Amendment "F".

Senate Amendment "D" to Committee Amendment "A" (S-546) would have increased the amount of the homestead property tax exemption from \$7,500 to \$15,000 and increased the personal exemption to \$2,750, effective for tax years beginning on or after January 1, 1998.

Senate Amendment "E" to Committee Amendment "A" (S-570) would have replaced the original bill and Committee Amendment "A." The amendment would have reduced the sales tax from 6% to 5% effective October 1, 1998 and establishes the Tax Relief Guarantee Fund for the purposes of ensuring the continuation of tax relief. The amendment would have repealed the Tax Relief Fund for Maine Residents and the Tobacco Tax Relief Fund and would have required the State Controller to transfer any unexpended or unobligated balances to the Tax Relief Guarantee Fund.

Senate Amendment "F" to Committee Amendment "A" (S-573) would have decreased the amount of the homestead property tax exemption from \$7,500 to \$6,500 and repealed the snack tax.

Senate Amendment "G" to Committee Amendment "A" (S-638) would have decreased the amount of the homestead exemption to \$7,000 and changed the proposed percentage of rent constituting property taxes to 18%.

Senate Amendment "H" to Committee Amendment "A" (S-702) would have eliminated the provisions of the bill and the committee amendment and repealed the snack tax, expanded the circuit breaker program by reducing the tax to income thresholds from 4% and 8% to 3% and 6%, respectively, increasing the income thresholds in program year 1998 from \$25,700 for singles and \$40,000 for joint filers to \$40,000 and \$60,000, respectively, and raising the maximum benefit payment from \$1,000 to \$2,000. The amendment would have funded the repeal of the snack tax and the expansion of the circuit breaker program with funding from the Tax Relief Fund for Maine Residents and the Tobacco Tax Relief Fund.

LD 2239

An Act to Amend the Law Concerning Tax Base Sharing

PUBLIC 663

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL E DAGGETT	OTP-AM	H-902

LD 2239 would provide that municipalities need not be contiguous in order to enter into a tax base sharing agreement and permit a tax base sharing agreement to provide that payments due to a party to the agreement may be made to a third party.

Committee Amendment "A" (H-902) provided that payments under a tax base sharing agreement that are made to another party or entity must be for purposes that have a general public benefit.

Enacted law summary

Public Law 1997, chapter 663 provides that municipalities need not be contiguous in order to enter into a tax base sharing agreement and permits a tax base sharing agreement to provide that payments due to a party to the agreement may be made to a third party if the purposes of the payment have a general public benefit.

LD 2240

An Act to Provide for Equitable Taxation of All Financial Institutions

PUBLIC 746

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRIPP MILLS	OTP-AM	H-899 S-740 MICHAUD

LD 2240 would provide that an entity doing business in this State as a financial institution is subject to the financial institution franchise tax even if it is organized as a so-called "pass-through" entity or as an entity disregarded as separate from its owner for federal income tax purposes. The bill also would make it clear that, in such cases, the income earned by the financial institution is taxed only at the entity level and is not also subject to Maine's individual or corporate income tax.

Committee Amendment "A" (H-899) provides a technical clarification in a cross-reference in the franchise tax on financial institutions. It also adds an appropriation section for administrative costs and a fiscal note to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-740) strikes the appropriation from the committee amendment with the intention that costs of implementation be absorbed within existing resources.

Enacted law summary

Public Law 1997, chapter 746 provides that an entity doing business in this State as a financial institution is subject to the financial institution franchise tax even if it is organized as a so-called "pass-through" entity or as an entity disregarded as separate from its owner for federal income tax purposes. The bill also would make it clear that, in such cases, the income earned by the financial institution is taxed only at the entity level and is not also subject to Maine's individual or corporate income tax.

**LD 2243 An Act to Encourage Accountability and Return on Investment for PUBLIC 761
Maine Taxpayers from Economic Development Initiatives**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PINGREE MITCHELL E	OTP-AM MAJ OTP-AM MIN	S-640

LD 2243 would provide a mechanism for the review of major economic development incentives granted to businesses.

The bill had 3 components. First, corporations seeking economic development assistance of more than \$250,000 in one year, or \$2,500,000 over 10 years, would be subject to minimum disclosure and public review provisions. The Department of Economic and Community Development, DECD, would prepare an economic and social impact statement, to be followed by a 21-day public comment period and public hearing.

Second, in addition to complying with federal, state and local laws, subsidized corporations would have been expected to pay prevailing wages and provide health and pension benefits. If an aid recipient fails to meet those basic conditions, or uses Maine taxpayer dollars to move jobs out of the State, DECD could take action to recapture an appropriate amount of the public's investment. Egregious violations may result in a bar on future assistance or state contracts or in divestment of the violator's stock from the Maine State Retirement System. Third, the bill would create a 13-member Economic Development Incentive Commission, representing the Legislature; DECD; municipalities; and business, labor and community interests. The commission would participate in the initial incentive application process, review the effectiveness of incentive programs and report

biannually to the Legislature and the Governor on compliance with the law and the rate of return received on public investments.

Committee Amendment "A" (S-640) (majority report) replaces the bill. The amendment would require employers who are recipients of specified economic development incentives to disclose to the Commissioner of Economic and Community Development the public purpose supported by the economic development incentive and the employer's goals for the number, type and wage levels of jobs that will be created and file annual reports containing more detailed information. Applications filed for business property tax reimbursement and the amount of reimbursement received would be removed from tax confidentiality provisions.

The amendment would create an 11-member Economic Development Incentive Commission to review the effectiveness of incentive programs and report to the Legislature. The State Tax Assessor, the Commissioner of Labor, the Maine Technical College System and the Department of Economic and Community Development would be required to report to the Legislature regarding economic development incentives within their respective jurisdictions. The amendment would make it a condition of qualification for the jobs and investment tax credit that the employer demonstrate that the qualifying jobs meet the same standards for wages and benefits as required for receipt of reimbursement through employment tax increment financing. The new commission and the change in the jobs and investment tax credit would expire October 1, 2001. The amendment would also add an appropriation and a fiscal note to the bill.

Committee Amendment "B" (S-641) (minority report) (not adopted) would have replaced the bill. The amendment contains the same provisions as the majority amendment except that it would not have created an Economic Development Incentive Advisory Commission. Agency reports would have instead been submitted to the legislative committees with jurisdiction over business and economic development and taxation.

Enacted law summary

Public Laws 1997, chapter 761 requires employers who are recipients of specified economic development incentives to disclose to the Commissioner of Economic and Community Development the public purpose supported by the economic development incentive and the employer's goals for the number, type and wage levels of jobs that will be created and file annual reports containing more detailed information. Applications filed for business property tax reimbursement and the amount of reimbursement received are removed from tax confidentiality provisions.

The law creates an 11-member Economic Development Incentive Commission to review the effectiveness of incentive programs and report to the Legislature. The State Tax Assessor, the Commissioner of Labor, the Maine Technical College System and the Department of Economic and Community Development are required to report to the Legislature regarding economic development incentives within their respective jurisdictions. The law makes it a condition of qualification for the jobs and investment tax credit that the employer demonstrate that the qualifying jobs meet the same standards for wages and benefits as required for receipt of reimbursement through employment tax increment financing. The new commission and the change in the jobs and investment tax credit expire October 1, 2001.

LD 2263

**An Act to Allow a Municipality to Request a Joint Check from the
Maine Residents Property Tax Program in the Event of
Nonpayment of Taxes**

ONTP

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

LD 2263 would provide that a municipality may 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 the claimant is delinquent in the payment of taxes on property in the municipality that is the basis of the claim.

Committee Amendment "A" (S-575) would have provided that municipalities requesting joint checks must provide a list of all liens against homestead property to the Bureau of Revenue Services. The amendment would clarify the procedure for determining when joint checks should be issued and provide that information acquired by municipal officials or employees is confidential. The amendment also adds a fiscal note.

LD 2297 An Act Relating to the Taxation of Certain Federal Entities, the PUBLIC 729
Business Equipment Tax Reimbursement Program, the
Administration of the Tax Laws and to Make a Technical
Correction

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

LD 2297 was reported out of the Joint Standing Committee on Appropriations and Financial Affairs after a meeting with members of the Joint Standing Committee on Taxation. It proposed to do the following:

Part A of this bill proposed to provide that the sales tax exemption for governmental entities does not apply to corporations formed under Part E of the federal Farm Credit Act of 1971.

Part B proposed to provide that natural gas pipelines and certain property used in the production or generation of electricity are not eligible for reimbursement for taxes paid on certain business property.

Part C proposed to provide funds for the acquisition of a tax modeling system and provides authority to the Department of Administrative and Financial Services, Bureau of Revenue Services to contract for tax auditing services for businesses whose primary locations are outside of the State.

Part D proposed to correct an error in the retroactivity clause of Public Law 1997, chapter 643, Part HHH, section 10. The intent of the Legislature was that only Part HHH apply retroactively. The bill ensures that the retroactivity provision applies only to Part HHH.

Enacted law summary

Public Law 1997, chapter 729 does the following:

Part A of this bill provides that the sales tax exemption for governmental entities does not apply to corporations formed under Part E of the federal Farm Credit Act of 1971.

Part B provides that natural gas pipelines and certain property used in the production or generation of electricity are not eligible for reimbursement for taxes paid on certain business property.

Part C provides funds for the acquisition of a tax modeling system and provides authority to the Department of Administrative and Financial Services, Bureau of Revenue Services to contract for tax auditing services for businesses whose primary locations are outside of the State.

Part D corrects an error in the retroactivity clause of Public Law 1997, chapter 643, Part HHH, section 10. The intent of the Legislature was that only Part HHH apply retroactively. The bill ensures that the retroactivity provision applies only to Part HHH.

LD 2298

Resolve, to Create a Task Force to Study Telecommunications Taxation

RESOLVE 121

Sponsor(s)

Committee Report

Amendments Adopted

LD 2298 proposed to create a task force to study the taxation of telecommunications services and make recommendations to the Legislature on methods of ensuring that state taxation of telecommunications keeps pace with technological developments, maintains equitable treatment of comparable services and provides for administrative efficiency and revenue stability.

Enacted law summary

Resolve 1997, chapter 121 creates a task force to study the taxation of telecommunications services and make recommendations to the Legislature on methods of ensuring that state taxation of telecommunications keeps pace with technological developments, maintains equitable treatment of comparable services and provides for administrative efficiency and revenue stability.