

JOINT STANDING COMMITTEE ON TAXATION

LD 103 **An Act to Implement the Recommendations of the Commission to Study Poverty Among Working Parents with Regard to State Earned Income Credit** **INDEF PP**

<u>Sponsor(s)</u> POVICH DAGGETT	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-812
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LD 103 was carried over from the First Regular Session. The bill proposed to implement the recommendations of the Commission to Study Poverty Among Working Parents by establishing a state earned income tax credit equal to 20% of the federal earned income tax credit for families with income below 100% of the federal poverty level, 15% for families with income from 100% to 133% of the federal poverty level and 10% for families with income from 133% to 185% of the federal poverty level.

Committee Amendment "B" (H-812) proposed a nonrefundable state earned income tax credit equal to 5% of the federal earned income tax credit for tax years beginning on or after January 1, 2000. This provision was added to the Supplemental Budget Bill (LD 2510) and was enacted in Public Law 1999, chapter 731, Part V.

LD 166 **An Act to Amend the Public Property Tax Exemption** **ONTP**

<u>Sponsor(s)</u> O'GARA MACK	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 166 was carried over from the First Regular Session. The bill proposed to exclude certain property of public water districts from exemption from property tax. The property covered included water treatment plants, water ozonization plants and the property of those plants. The issue addressed in this bill was the subject of a law suit, *Portland Water District v. Town of Standish*, 740 A.2d 564 (1999), in which the Maine Supreme Judicial Court ruled that the property addressed by this bill was exempt from property tax under current law.

LD 297 **An Act to Exempt Capital Gains from the Maine Income Tax** **DIED ON ADJOURNMENT**

<u>Sponsor(s)</u> BUCK	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-890
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LD 297 was carried over from the First Regular Session. The bill proposed a state income tax exemption for all income derived from capital gains.

Committee Amendment “A” (H-890) proposed an exemption from individual income tax of up to \$1,500 of net long-term capital gains.

LD 544 An Act to Value Homestead Exemption Farm Land at Current Use ONTP

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

LD 544 was carried over from the First Regular Session. The bill proposed to value agricultural land at its current use value. See also LDs 2426, and 2669. Similar provisions were included in the Supplemental Budget Bill, LD 2510, Public Law 1999, chapter 731, Part Y.

LD 809 An Act to Create a Local Option Sales and Use Tax ONTP

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

LD 809 was carried over from the First Regular Session. The bill proposed to authorize municipalities to adopt a local option 1% sales and use tax. Fifty percent of the revenue would be transferred to the county to reduce county taxes. The remaining 50% would be placed in a special municipal revenue account to be used only for public improvements, economic development or to reduce the property tax commitment.

LD 1064 An Act to Stimulate Job Creation and Investment in Maine by Amending the Income Tax Apportionment Formula INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN CIANCHETTE	OTP-AM MAJ ONTP MIN	S-544

LD 1064 proposed to change the formula for apportionment of income from a business activity that is taxable in this State and in other taxing jurisdictions. The bill proposed to eliminate the property and payroll factors from the formula and base apportionment solely on the proportion of sales by the taxpayer in the State. The bill was carried over from the First Regular Session and the Commission to Study Single-Sales Factor Apportionment was established to study the subject of the bill during the interim.

Committee Amendment “A” (S-544) proposed to permit optional single sales factor apportionment for high-technology taxpayers, pulp and paper taxpayers and mutual fund service providers only.

See also LD 2400.

LD 1122

An Act to Return a Percentage of the Meals and Lodging Tax to the Municipality in Which Those Taxes were Levied

ONTP

Sponsor(s)
LEMOINE

Committee Report
ONTP

Amendments Adopted

LD 1122 was carried over from the First Regular Session. The bill 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.

LD 1587

An Act to Allow the Surviving Veteran Spouse of a Veteran to Continue to Receive the Property Tax Exemption

INDEF PP

Sponsor(s)
PIEH
KILKELLY

Committee Report
OTP-AM

Amendments Adopted

LD 1587 was carried over from the First Regular Session. The bill proposed to expand property tax exemptions for veterans to permit a widower to claim an exemption as a surviving spouse and to permit an eligible surviving spouse of a veteran who is also an eligible veteran to claim one property tax exemption as a veteran and a second exemption as a surviving spouse.

LD 1594

An Act to Promote Equity Among Health Care Clinics

INDEF PP

Sponsor(s)
ABROMSON
MAYO

Committee Report
OTP-AM

Amendments Adopted

LD 1594 was carried over from the First Regular Session. The bill proposed to expand the sales tax exemption for rural health clinics to include all incorporated nonprofit health clinics.

LD 1824

An Act to Encourage Equity Equivalent Loans or Investments in Nonprofit Community Economic Development Organizations

INDEF PP

Sponsor(s)
HARRIMAN

Committee Report
OTP-AM

Amendments Adopted

LD 1824 was carried over from the First Regular Session. The bill proposed to provide a deduction from income for purposes of the franchise tax on financial institutions. The deduction would be equal to the difference between the income earned on an equity equivalent loan to a nonprofit community development financial organization and the income that would have been earned on a market rate loan.

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

ONTP

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

LD 1940 was carried over from the First Regular Session. The bill proposed to create a phased-in system that gradually reduces the property tax exemption for all property that is currently 100% exempt excluding 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 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 the 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 salary and benefits provided by the organization to its directors, trustees, officers employees and agents must fall within the definition of reasonable compensation as is measured by a Maine Department of Labor publication that lists Maine occupational wages.

LD 2023

An Act to Authorize a Local Option Tax on Wages Earned in a Municipality

ONTP

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

LD 2023 proposed to allow municipalities to adopt by referendum a local option 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 could be used by the municipality only to finance specifically approved major capital projects.

LD 2024

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>
GAGNON RAND	ONTP	

LD 2024 was carried over from the First Regular Session. The bill 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 same sales to which the state sales and use tax currently applies. The tax would be administered by the State and revenues less administrative costs would be returned to the municipality where collected. The additional revenue raised by the local option tax would be used by the municipality only to finance specifically approved major capital projects.

LD 2035

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

ONTP

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

LD 2035 was carried over from the First Regular Session. The bill proposed to provide a sales tax exemption for fliers, bulletins, catalogs or promotional materials purchased for redistribution at no charge.

LD 2101

An Act to Enhance the Maine State College Savings Program

INDEF PP

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

LD 2101 was carried over from the First Regular Session. The bill proposed a 10% income tax credit for contributions to a Maine College Savings Program account up to a maximum credit of \$1,500.

Committee Amendment “A” (S-514) proposed to replace the bill with an income tax deduction for 10%, up to a maximum of \$2,000 of contributions to a Maine College Savings Program account.

LD 2122

An Act to Base the Rate of Tax Imposed on Married Couples Solely on Income Earned in this State

ONTP

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

LD 2122 was carried over from the First Regular Session. The bill proposed to provide that the income tax liability of married nonresident individuals be calculated using a rate that is determined based only on income earned in Maine. Deductions, exemptions and credits would be prorated.

The Committee reported this bill out of Committee with a majority” Ought to Pass as Amended” report and a minority “Ought Not to Pass” report. The bill was rereferred to Committee and, on reconsideration, the Committee issued a unanimous “Ought Not to Pass” report.

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

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

LD 2207 was carried over from the First Regular Session. The bill was 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 current state-municipal revenue sharing;
2. Eliminate the sales tax exemption for machinery and equipment used in production;
3. Eliminate the business equipment tax reimbursement (BETR) program; and
4. Impose a 1% sales tax on ingredients and components used in production.

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

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

LD 2256 proposed to establish conformity in the Maine income tax laws with federal income tax laws relating to the deduction for health insurance costs for self-employed individuals.

The provisions of this bill were included in the Supplemental Budget Bill, Public Law 1999, chapter 731, Part X. See LD 2510, summarized by the Joint Standing Committee on Appropriations and Financial Affairs.

LD 2277 An Act to Conform the Maine Tax Laws for 1999 with the United PUBLIC 548
States Internal Revenue Code EMERGENCY

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

LD 2277 proposed to conform the Maine income, estate and mining excise tax laws with the federal Internal Revenue Code as of December 31, 1999 for tax years beginning on or after January 1, 1999. See also LD 2256.

Committee Amendment “A” (S-490) proposed to add a fiscal note to the bill.

Enacted Law Summary:

Public Law 1999, chapter 548 conforms the Maine income, estate and mining excise tax laws with the federal Internal Revenue Code as of December 31, 1999 for tax years beginning on or after January 1, 1999.

Public Law 1999, chapter 548 was enacted as an emergency measure, effective March 14, 2000.

**LD 2280 Resolve, Authorizing the State Tax Assessor to Convey the Interest RESOLVE 91
of the State in Certain Real Estate in the Unorganized Territory**

<u>Sponsor(s)</u> RUHLIN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-494
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LD 2280 proposed to authorize the State Tax Assessor to convey the interest of the State in several parcels of real estate in the unorganized territory that were acquired for nonpayment of property taxes.

Committee Amendment “A” (S-494) proposed technical corrections.

Enacted Law Summary:

Resolve 1999, chapter 91 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the unorganized territory that were acquired for nonpayment of property taxes.

**LD 2281 An Act to Grant Municipalities Greater Flexibility in their PUBLIC 550
Arrangements for Tax Base Sharing Agreements**

<u>Sponsor(s)</u> MILLS		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 2281 proposed to permit municipalities that are parties to a tax base sharing agreement to specify a period of time within which the municipality collecting taxes must remit the respective shares of collected taxes to the municipalities that are parties to the tax base sharing agreement.

Enacted Law Summary:

Public Law 1999, chapter 550 permits municipalities that are parties to a tax base sharing agreement to specify a period of time within which the municipality collecting taxes must remit the respective shares of collected taxes to the municipalities that are parties to the tax base sharing agreement.

LD 2316

An Act to Prevent Gray Market Cigarette Sales

PUBLIC 616

Sponsor(s)
MICHAUD

Committee Report
OTP-AM

Amendments Adopted
S-524

LD 2316 was submitted by the Department of the Attorney General. The bill proposed to prohibit the sale of “gray-market” cigarettes, meaning cigarettes that are labeled for export, that are illegally labeled, that are imported in violation of federal law or that violate federal trademark or copyright laws.

Committee Amendment “A” (S-524) proposed to clarify the authority of law enforcement officers to seize and destroy gray market cigarettes and ensure the enforcement authority of contract officers with authority to enforce tobacco sales laws.

Enacted Law Summary:

Public Law 1999, chapter 616 prohibits the sale of gray market cigarettes and clarifies the authority of law enforcement officers and contract officers to enforce the law and to seize and destroy gray market cigarettes.

LD 2331

An Act to Expand Eligibility for the Veterans' Property Tax Exemption

**DIED ON
ADJOURNMENT**

Sponsor(s)

Committee Report
OTP-AM MAJ
ONTP MIN

Amendments Adopted
H-882

LD 2331 proposed to implement the recommendations of the Committee to Study Standardized Periods of Military Service and Other Matters Related to the Award of State of Maine Veterans’ Benefits. The bill proposed to expand eligibility for the veterans' property tax exemption to all honorably discharged veterans who are 62 years of age or older beginning April 1, 2001. The bill also proposed that the State reimburse municipalities for 100% of the property tax revenues lost as a result of the veterans' property tax exemption authorized by the bill.

LD 2353

Resolve, Relating to the State Valuation for the Town of Milo

**RESOLVE 96
EMERGENCY**

Sponsor(s)
DAVIS P

Committee Report
OTP-AM

Amendments Adopted
S-536

LD 2353 proposed to provide that the 2000 state valuation for the Town of Milo must be based on a valuation that values the property of the Dexter Shoe Company factory in the Town of Milo at \$0 for the purposes of calculating state-municipal revenue sharing funds.

Committee Amendment “A” (S-536) proposed to replace the original bill and to permit the Town of Milo to apply for a reduction of its 2001 state valuation based on the reduction in value of the Dexter Shoe Company factory under the procedure authorized by current statute without meeting the statutory valuation threshold.

Enacted Law Summary:

Resolve 1999, chapter 96 permits the Town of Milo to apply for a reduction of its 2001 state valuation based on the reduction in value of the Dexter Shoe Company factory under the procedure authorized by current statute without meeting the statutory valuation threshold.

Resolve 1999, chapter 96 was enacted as an emergency measure effective April 3, 2000.

LD 2357

An Act to Amend the Maine Seed Capital Tax Credit Program

PUBLIC 752

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACKINNON O'NEAL	OTP-AM	S-539 S-789 MICHAUD

LD 2357 proposed to increase the tax credit allowed under the Maine Seed Capital Tax Credit Program from 30% to 50% of the amount invested in a Maine business in any calendar year. The bill also proposed to increase the amount of the investment for which a tax credit would be available from \$200,000 to \$500,000 for any one business.

Committee Amendment "A" (S-539) proposed to authorize tax credit certificates for up to 1/2 of an investment made in or unconditionally committed to a private venture capital fund with a focus on investing in Maine companies. The current law limit of \$1,000,000 on aggregate tax credits that can be allocated to investments made by venture capital funds would be combined with the limit on credits for investing directly in Maine business. Investors in a fund collectively would not be entitled to a credit for any portion of ownership of a business in excess of 50%. The amendment proposed to increase the overall amount of tax credit authorized by \$1,000,000 in each year of 2001, 2002, 2003 and 2004, for a total authorized amount of \$12,000,000.

Senate Amendment "A" to Committee Amendment "A" (S-789) proposed to expand the Maine Seed Capital Tax Credit Program for a limited period. For investments made after the effective date of the bill and prior to July 1, 2001, the amendment proposed to increase the amount of a tax credit certificates from 30 % to 40% of an investment made in an eligible business or made in or unconditionally committed to a private venture capital fund provided the authority determines that the fund has a focus on investing in Maine companies. The remainder of the credit would be available to the investors once the venture capital fund made eligible investments. If the fund failed to make sufficient eligible investments within 3 years, the credit would be revoked. The current law limit on aggregate tax credits that can be allocated to investments made by venture capital funds would be combined with the limit on credits available for investment in businesses. Investors in a fund collectively would not be entitled to a credit for any portion of ownership of a business in excess of 50%.

Enacted Law Summary:

Public Law 1999, chapter 752 expands the Maine Seed Capital Tax Credit Program for a limited period. For investments made after the effective date of the bill and prior to July 1, 2001, the amount of a tax credit certificates is increased from 30 % to 40% of an investment made in an eligible business or made in or unconditionally committed to a private venture capital fund provided the authority determines that the fund has a focus on investing in Maine companies. The remainder of the credit is available to the investors when the venture capital fund has made eligible investments. If the fund fails to make sufficient eligible investments within 3 years, the credit is revoked. The current law limit on aggregate tax credits that can be allocated to investments made by venture capital funds is combined with the limit on credits available for investment in businesses. Investors in a fund collectively are not entitled to a credit for any portion of ownership of a business in excess of 50%.

LD 2361 An Act to Allow State Pharmacies a Tax Credit for Unreimbursed Medicaid Costs DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BENNETT KANE	OTP-AM MAJ ONTP MIN	S-525

LD 2361 proposed an income tax credits for pharmacies in the amount of point-of-sale prescription drug copayments waived by the pharmacy pursuant to federal law for Medicaid recipients.

LD 2384 An Act to Protect State Taxpayers and State Jobs ONTP

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

LD 2384 was a concept draft that proposed to authorize state and local governments to recapture the value of economic development incentives if the recipient failed to meet job and wage goals or moved out of state. The bill proposed a waiver of recapture provisions if the employer demonstrated that its failure to meet goals was caused by economic hardship. The bill also proposed to require that a business closing a plant offer the business for sale to employees or other public or private concerns. See also LDs 2390, 2460, 2501 and 2516.

LD 2390

An Act to Target Public Assistance to Responsible Employers

ONTP

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

LD 2390 proposed to make it a requirement of receipt of public assistance that a business be certified by the Commissioner of Labor as meeting certain standards related to labor relations and workplace health and safety. See also LDs 2384, 2460, 2501 and 2516.

LD 2391

An Act to Simplify the Approval Process of Existing State Tax Increment Financing Districts

PUBLIC 559

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

LD 2391 proposed to repeal obsolete language in the state tax increment financing law and to substitute the State Tax Assessor for the Revenue Forecasting Committee as the approval agency for continuing eligibility of state tax increment financing districts.

Enacted Law Summary:

Public Law 1999, chapter 559 repeals obsolete language in the state tax increment financing law and substitutes the State Tax Assessor for the Revenue Forecasting Committee as the approval agency for continuing eligibility of state tax increment financing districts.

LD 2400

An Act to Create Employment Opportunities by Clarifying Maine's Tax Laws Regarding Mutual Fund Companies

PUBLIC 754

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL J	OTP-AM MAJ ONTP MIN	H-867 S-783 MICHAUD

LD 2400 was a concept draft that proposed to address the method of apportioning the income of mutual fund companies with operations in Maine for purposes of the state income tax.

Committee Amendment "A" (H-867) proposed to permit a mutual fund service provider to opt to apportion its income for income tax purposes according to the percentage of shares of a regulated investment company owned by shareholders domiciled in Maine. The amendment proposed that a taxpayer electing this method of apportionment would not be required to file a combined report and may not be included in the combined report of another taxpayer. The election to use this method of apportionment would be irrevocable for 5 years.

Senate Amendment "A" to Committee Amendment "A" (S-783) proposed a General Fund deappropriation to offset the General Fund revenue loss and to require the Department of Economic and Community Development to reduce its future requests for General Fund appropriations. The Commissioner of Economic and Community Development would be required to report to the joint standing committee having jurisdiction over appropriations and financial affairs by January 5, 2001 and document these reductions and the effect on the department's programs.

See also LD 1064.

Enacted Law Summary:

Public Law 1999, chapter 754 provides an alternative method for apportionment of the receipts of mutual fund service providers for purposes of the Maine income tax. A mutual fund service provider may opt to apportion its income according to the percentage of shares of a regulated investment company owned by shareholders domiciled in Maine. A taxpayer electing this method of apportionment is not required to file a combined report and may not be included in the combined report of another taxpayer. The election to use this method of apportionment would be irrevocable for 5 years. The Department of Economic and Community Development is required to reduce its need for appropriations in future years by the amount of revenue loss estimated to result from this law and report the impact of reductions in appropriations on the department's programs.

LD 2422 RESOLUTION, Proposing an Amendment to the Constitution of CON RES 4
Maine to Allow the Legislature to Provide for Assessment of
Property Used for Commercial Fishing at Current Use

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ETNIER PINGREE	OTP-AM	H-820

LD 2422 proposed a constitutional resolution to allow the Legislature to provide for the assessment of land and structures used primarily of commercial fishing purposes based on the current use of the property.

Committee Amendment "A" (H-820) proposed to restrict the scope of the resolution to property used for commercial fishing activities.

Enacted Law Summary:

Constitutional Resolution 4 proposes an amendment to the Constitution of Maine to allow the Legislature to provide for the assessment of waterfront land used for commercial fishing purposes based on the current use of the property.

LD 2426

An Act to Institute Current Use Taxation on all Agricultural Land

ONTP

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

LD 2426 proposed to expand eligibility for current use valuation of property under the Farm and Open Space Tax Law by eliminating the minimum acreage requirement and clarifying the law’s application to land used for horticultural purposes. The bill also proposed to reduce the penalty for withdrawal from classification to the Constitutional minimum and expand the time for payment of the penalty. Similar proposals were enacted in the Supplemental Budget Bill, PL 1999, LD 2510, chapter 731, Part Y. See also LDs 544 and 2669.

LD 2445

An Act to Amend the Laws Governing Municipal Tax Increment Financing to Encourage Downtown Investment

PUBLIC 650

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON KONTOS	OTP-AM MAJ ONTP MIN	H-869

LD 2445 proposed to amend the municipal tax increment financing laws by removing the percentage limitations on district size and value for downtown investment and redevelopment projects and by making technical clarifications to the municipal tax increment financing laws.

Committee Amendment “A” (H-869) made further technical changes to incorporate provisions included in the original bill.

Enacted Law Summary:

Public Law 1999, chapter 650 amends the municipal tax increment financing laws by removing the percentage limitations on district size and value for downtown investment and redevelopment projects and making technical clarifications to the municipal tax increment financing laws.

LD 2458

An Act to Reduce the State Rate for Tax on Telecommunications Personal Property

INDEF PP

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

LD 2458 proposed to reduce the rate of the telecommunications personal property tax by two mills per year beginning in 2000 until 2003 when the rates would be equal to the statewide average full-value tax rate for municipal property taxes. Similar provisions were included in LD 2510, the Supplemental Budget Bill, Public Law 1999, chapter 731, Part W.

LD 2459

An Act to Promote the Economic Security of Maine Citizens

ONTP

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

LD 2459 proposed a state income tax exemption of \$6,000 per recipient of state, federal and military retirement benefits. Similar provisions were included in LD 2510, the Supplemental Budget Bill, Public Law 1999, chapter 731, Part S. See also LD 2542 and LD 2641.

LD 2460

An Act to Establish Criteria for Tax Incentive Programs

PUBLIC 768

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM MAJ	H-1021
RUHLIN	OTP-AM MIN	H-1055 GAGNON S-766 MICHAUD

LD 2460 proposed to establish requirements for the enactment of new economic development incentive programs and to require the Department of Economic and Community Development to existing economic development incentive programs over a two-year period.

Committee Amendment “A” (H-1021) was the majority report of the Committee and proposed to replace the original bill. The amendment proposed to provide criteria and a procedure for review of new and existing economic development incentive by the Department of Economic and Community Development. The amendment also proposed changes to reporting dates, an extension of the repeal date for the economic development incentive review laws, withholding of reimbursement under the business equipment tax refund (BETR) program for businesses that fail to file required reports and administrative changes for the Economic Development Incentive Commission.

House Amendment “A” to Committee Amendment “A” (H-1055) proposed additional notice and due process rights to claimants at risk of forfeiting reimbursement under the BETR program for failure to file required reports.

Senate Amendment “A” to Committee Amendment “A” (S-766) proposed to amend an appropriation for expenses of the Economic Development Incentive Commission to provide that the appropriation is made on a one-time basis.

See also LDs 2384, 2390, 2501 and 2516.

Enacted Law Summary:

Public Law 1999, chapter 768 provides criteria and a procedure for review of new and existing economic development incentives by the Department of Economic and Community Development. The law changes reporting dates, extends the repeal date for the economic development incentive review laws to August 1, 2002, requires withholding of reimbursement under the business equipment tax refund (BETR) program for businesses that fail to file required reports and makes administrative changes for the Economic Development Incentive Commission. Notice and due process rights are ensured and a one-time appropriation of \$20,000 is made to the Commission for studies, research and operating expenses.

LD 2501 An Act to Strengthen Maine's Corporate Accountability Law ONTP

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

LD 2501 proposed to add 3 new programs to the economic development incentive review laws, repeal the sunset date, expand reporting requirements under those laws and require that economic development incentives be suspended for businesses that do not comply with reporting requirements. See also LDs 2384, 2390, 2460 and 2516.

LD 2516 An Act to Improve Standards for Public Assistance to Maine Employers VETO SUSTAINED

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PINGREE	OTP-AM MAJ ONTP MIN	S-637 S-784 MICHAUD

LD 2516 proposed to establish living wage and benefit standards as requirements for receipt of economic development incentives under the economic development incentive laws and to provide penalties for willful violation of the living wage standards.

Committee Amendment “A” (S-637) proposed to replace the original bill and to require the suspension of benefits for new claimants under municipal tax increment financing, the jobs and investment tax credit, the research expense credit and the business equipment tax reimbursement program if employees do not meet wage and benefit standards. The amendment proposed a waiver of benefit reduction if the failure to meet standards results from economic hardship beyond the control of the claimant. The amendment also proposed to add an additional member of the Economic Development Incentive Commission.

Senate Amendment “B” (S-784) proposed to replace the Committee Amendment and to require the proration of benefits under municipal tax increment financing, the jobs and investment tax credit, the research expense credit and the business equipment tax reimbursement program based on the percentage of employees who have been employed for more than 90 days who meet wage standards.

This bill was vetoed by the Governor.

See also LDs 2384, 2390, 2460 and 2501.

LD 2518 An Act to Amend the Elderly Low-cost Drug Program

**PUBLIC 551
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY	OTP-AM	H-802 S-507 MICHAUD

LD 2518 proposed to restore eligibility under the elderly low cost drug program for household members who were inadvertently dropped from eligibility when the laws establishing eligibility were amended during the First Regular Session of the 119th Legislature.

Committee Amendment “A” (H-802) proposed a one-year restoration of eligibility and authorized the Joint Standing Committee on Taxation to report out a bill that addresses eligibility beyond one year.

Senate Amendment “A” to Committee Amendment “A” (S-507) deleted an appropriation to the Bureau of Revenue Services for administrative costs.

See also LD 2644 (Public Law 1999, chapter 707), included in the bill summaries for the Joint Standing Committee on Health and Human Services which addressed eligibility for household members beyond the extension provided in LD 2518.

Enacted Law Summary:

Public Law 1999, chapter 551 provides a one-year restoration of eligibility for the Elderly Low-Cost Drug Program for formerly eligible household members who were inadvertently dropped from eligibility as a result of amendments to the program enacted in 1999.

Public Law 1999, chapter 551 was enacted as an emergency measure effective March 14, 2000.

LD 2524 An Act Concerning Technical Changes to the Tax Laws

**PUBLIC 708
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RUHLIN	OTP-AM	S-641 S-652 RUHLIN

LD 2524 is the annual bill submitted by the Bureau of Revenue Services. The bill proposed to make technical corrections, clarifications and minor substantive changes to various laws concerning taxation.

Committee Amendment “A” (S-641) proposed to make additional corrections clarifications and minor substantive changes to various tax laws.

Senate Amendment “A” to Committee Amendment “A” (S-652) proposed to correct an inadvertent omission in the Committee Amendment.

Enacted Law Summary:

Public Law 1999, chapter 708 is the annual bill submitted by the Bureau of Revenue Services. It makes technical corrections, clarifications and minor substantive changes to various laws concerning taxation.

Public Law 1999, chapter 708 was enacted as an emergency measure effective April 14, 2000.

LD 2527 **Resolve, Authorizing Reimbursement to John Calley for Expenses Incurred as a Result of an Overassessment of Sales Tax** **ONTP**

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

LD 2527 proposed to require the Bureau of Revenue Services to pay John Calley for expenses incurred in contesting an assessment of sales tax.

LD 2537 **An Act to Promote Historic and Scenic Preservation** **PUBLIC 626**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
AMERO MURPHY T	OTP-AM	S-557

LD 2537 proposed to implement Article IX, Section 8, subsection 5 of the Constitution of Maine by permitting municipalities to reduce taxes on real property if the property owner agrees to maintain the property in accordance with federal standards on historic properties or in accordance with criteria adopted by a municipal review board to maintain the historic integrity of important structures. The bill also proposed to permit the municipality to reduce the valuation of property if the owner agrees to permanently forgo development or to preserve scenic views or significant vistas.

Committee Amendment “A” (S-557) proposed to replace the original bill and permit municipalities to reimburse taxpayers for a portion of property taxes paid if the owner agrees to maintain the property in accordance with criteria adopted by ordinance to provide for maintaining the historic integrity of important structures or providing a scenic view.

Enacted Law Summary:

Public Law 1999, chapter 626 implements Article IX, Section 8, subsection 5 of the Constitution of Maine by permitting municipalities to reimburse taxpayers for a portion of property taxes paid if the owner agrees to maintain the property in accordance with criteria adopted by ordinance to maintain the historic integrity of important structures or preserve a scenic view.

LD 2541

An Act to Provide Revenue Sharing to Relieve the Municipal Service Component of the Property Tax

ONTP

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

LD 2541 proposed to increase the funds provided for revenue sharing from 5.1% to 6% of sales and income tax collections beginning January 1, 2001. The bill also proposed to require that 1/2 of the funds available for revenue sharing be distributed to municipalities based on a formula that is based on the proportion of a municipality's budget excluding local education costs.

See also LD 2669 and PL 1999, c. 731, Part U.

LD 2542

An Act to Provide Equity in the Taxation of Public Pensions

INDEF PP

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

LD 2542 was reported by the Joint Standing Committee on Taxation pursuant to Joint Order (S.P. 860). The bill proposed to provide an income tax deduction for up to \$10,000 of combined state, federal and military retirement pension benefits. See also LDs 2459 and 2641.

LD 2545

An Act to Reduce the State Tax Valuation for the Town of Standish

**P & S 90
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'GARA	OTP-AM	S-538

LD 2545 proposed to reduce the 2000 state valuation of the Town of Standish by setting the value of the property of the Portland Water District at \$2,019,244 to reflect a decision by the Maine Supreme Judicial Court in *Portland Water District v. Standish*, 740 A.2d 564 (Me. 1999) that certain property of the Portland Water District was exempt from taxation.

Committee Amendment "A" (S-538) proposed technical changes to the bill.

Enacted Law Summary:

Private and Special Law 1999, chapter 90 reduces the 2000 state valuation of the Town of Standish by setting the value of the property of the Portland Water District at \$2,019,244 to reflect a decision by the Maine Supreme Judicial Court that certain property of the Portland Water District was exempt from taxation.

Private and Special Law 1999, chapter 90 was enacted as an emergency measure effective May 5, 2000.

LD 2551

An Act to Implement the Recommendations of the Committee on Sawmill Biomass

PUBLIC 755

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAVERDIERE CAREY	OTP-AM	H-899 S-785 MICHAUD

LD 2551 proposed to implement the recommendations of the Committee on Sawmill Biomass by creating a temporary income tax credit for wood processing residue facilities. The credit was designed to temporarily aid sawmills and wood products producers faced with the loss of current markets for the residue which has traditionally been sold to electric generating facilities and to permit time for the development of other markets.

Committee Amendment “A” (H-899) proposed to clarify provisions in the bill. The amendment also proposed to provide that the credit is reduced by amounts received by the taxpayer for wood processing residue and to provide that the credit may not be refundable.

Senate Amendment “A” to Committee Amendment “A” (S-785) proposed to limit the credit to one year and provide a \$500,000 maximum aggregate amount of the credits. The amendment also proposed to require the Commissioner of Conservation to monitor the effectiveness of the credit.

Enacted Law Summary:

Public law 1999, chapter 755 creates a one-year income tax credit for wood processing facilities. The credit is based on the number of tons of wood processing residue transported from the facility and the price received for the residue. The aggregate amount of credits is limited to \$500,000, and the credit is not refundable. The Commissioner of Conservation is required to monitor the effectiveness of the credit.

LD 2556

An Act to Increase Public Participation in the Maine Residents Property Tax Program

ONTP

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

LD 2556 proposed to require the Bureau of Revenue Services to spend up to 1/2% of funds appropriated for the Maine Residents Property Tax Program for statewide promotion of the program.

LD 2567

An Act to Establish Municipal Cost Components for Unorganized Territory Services to be Rendered in Fiscal Year 2000-01

**P & S 91
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-989
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LD 2567 proposed to establish the municipal cost components for state and county services provided in the unorganized territory that would be paid for by a municipality.

Committee Amendment “A” (H-989) proposed to require that reimbursement for Hancock County be reduced by \$5,000 to provide funds for an appropriation for ferry service that was directed to be paid in 1999 (see also LD 2632 included in the bill summaries for the Joint Standing Committee on Appropriations and Financial Affairs). The amendment also proposed to authorize repairs to the roof of the Benedicta School and to reduce reimbursement to Somerset County for amounts no longer needed.

Enacted Law Summary:

Private and Special Law 1999, chapter 91 establishes the municipal cost components for state and county services provided in the unorganized territory that would be paid for by a municipality. The law provides an appropriation for ferry service in Hancock County and for repair of the roof of the Benedicta School.

Private and Special Law 1999, chapter 91 was enacted as an emergency measure effective May 5, 2000.

LD 2602

An Act to Repeal the Sales Tax on Snack Food Except Candy and Confections

PUBLIC 698

<u>Sponsor(s)</u>	<u>Committee Report</u> OTP-AM MAJ OTP-AM MIN	<u>Amendments Adopted</u> H-1014
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LD 2602 was an initiated bill that proposed to eliminate the sales tax on snack foods.

Committee Amendment “A” (H-1014) proposed to add a fiscal note.

Enacted Law Summary:

Public Law 1999, chapter 698 eliminates the sales tax on snack foods. Public Law 1999, chapter 731, Part R (LD 2510, included in the bill summaries for the Joint Standing Committee on Appropriations and Financial Affairs) establishes an effective date for this law of January 1, 2001.

LD 2626

An Act to Modify Adjustments in Property Valuation

INDEF PP

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

LD 2626 proposed to allow a municipality that had received an adjustment in its state valuation pursuant to the procedure provided by statute to request a further adjustment based on a continuing situation that caused a further reduction in the value of the property. The bill was intended to address a situation relating to the state valuation of the City of Westbrook.

LD 2641

An Act to Exempt a Portion of Private and Public Pensions from Income Taxation

**DIED ON
ADJOURNMENT**

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

LD 2641 was reported by the Joint Standing Committee on Taxation pursuant to Joint Order (S.P. 1003). The bill proposed an income tax deduction for public and private pension income to the extent that the pension income, together with social security benefits and railroad retirement benefits, does not exceed \$10,000. The bill would have made no change to current law that exempts all social security and railroad retirement benefits from state income tax. The provisions of this bill, with an exemption level of \$6,000, were enacted in the budget bill, Public Law 1999, chapter 731, Part S. See also LDs 2459 and 2542.

LD 2643

An Act to Ensure that Certain Land Transfers Accomplished through Stock Transfers are not Exempt from the Transfer Tax

**DIED IN
CONCURRENCE**

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

LD 2643 was a New Draft with New Title of LD 1883 reported by the Joint Standing Committee on Taxation pursuant to Joint Rule 310.4. The bill contains the recommendations of the Joint Standing Committee on Taxation regarding its interim study of the application of the real estate transfer tax to transfers of controlling interests in entities with an interest in real property. The tax would be collected and revenues distributed in the same manner as the tax on deeds. This bill was not accepted by the Senate, and LD 1883 was rereferred to Committee. See also LD 1883.

LD 2660

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

RESOLVE 122

Sponsor(s)

Committee Report

Amendments Adopted

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

Enacted Law Summary:

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

LD 2669

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

PUBLIC 757

Sponsor(s)
MICHAUD

Committee Report

Amendments Adopted

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

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

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

Enacted Law Summary:

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

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

Sponsor(s)
MICHAUD

Committee Report

Amendments Adopted
S-754

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

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

Enacted Law Summary:

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

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