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Amendment
Review

LD1514

L.D. 1514

(Filing No. H-)

2 Date:

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TAXATION

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STATE OF MAINE

6

HOUSE OF REPRESENTATIVES

7

130TH LEGISLATURE

8

FIRST SPECIAL SESSION

9

COMMITTEE AMENDMENT " " to H.P. 1122, L.D. 1514, "An Act To Provide for Fairness in Property Taxation by Assessing a One-time Tax on Financial Assets"

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Amend the bill by striking out the title and substituting the following:

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'Resolve, Establishing the Commission To Study the Impact of Various Types of Taxes on Various Populations in the State'

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Amend the bill by striking out everything after the title and inserting the following:

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'Whereas, the current system of property taxation was established when land ownership was the primary source of personal wealth; and

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'Whereas, most individuals with great personal wealth derive that wealth not from "tangible" assets but from "intangible" assets such as currency, stocks and other financial instruments; and

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'Whereas, the study of whether it is feasible to tax other types of property that are now the primary source of an individual's wealth is necessary to provide fairness in property taxation; now, therefore, be it

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Sec. 1. Commission established. Resolved: That the Commission To Study the Impact of Various Types of Taxes on Various Populations in the State, referred to in this resolve as "the commission," is established.

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Sec. 2. Commission membership. Resolved: That the commission consists of 9 members appointed as follows:

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1. Three members of the Senate appointed by the President of the Senate, including a member from each of the 2 parties holding the largest number of seats in the Legislature;

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2. Three members of the House of Representatives appointed by the Speaker of the House, including a member from each of the 2 parties holding the largest number of seats in the Legislature; and

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3. Three members appointed by the Governor:

- 1 A. One member representing the Office of the Governor;
- 2 B. One member who is a tax policy expert; and
- 3 C. One member who is a wealth management expert.

4 **Sec. 3. Chairs. Resolved:** That the first-named Senate member is the Senate chair
5 and the first-named House of Representatives member is the House chair of the
6 commission.

7 **Sec. 4. Appointments; convening of commission. Resolved:** That all appointments
8 must be made no later than 30 days following the effective date of this resolve. The
9 appointing authorities shall notify the Executive Director of the Legislative Council once
10 all appointments have been completed. After appointment of all members, the chairs shall
11 call and convene the first meeting of the commission. If 30 days or more after the effective
12 date of this resolve a majority of but not all appointments have been made, the chairs may
13 request authority and the Legislative Council may grant authority for the commission to
14 meet and conduct its business.

15 **Sec. 5. Duties. Resolved:** That the commission shall study and analyze the annual
16 effective tax rates of various state and municipal taxes applied to real and personal property,
17 consumer durables, intangible assets, corporate equities, mutual fund shares, pension
18 entitlements, private business and other financial instruments and their distributional
19 impacts on various categories of residents of the State. The commission shall analyze the
20 feasibility of taxing intangible assets in a manner similar to the taxation of other types of
21 property in order to improve the fairness of the State's tax system.

22 **Sec. 6. Staff assistance. Resolved:** That, notwithstanding Joint Rule 353, the
23 Legislative Council shall provide necessary staffing services to the commission, except that
24 Legislative Council staff support is not authorized when the Legislature is in regular or
25 special session.

26 **Sec. 7. Provision of information to commission. Resolved:** That the Department of
27 Administrative and Financial Services, Maine Revenue Services shall provide to the
28 commission information, subject to the Maine Revised Statutes, Title 36, section 191, and
29 distributional analyses that are requested by the commission regarding the impact of
30 various taxes on various categories of residents of the State.

31 **Sec. 8. Report. Resolved:** That, notwithstanding Joint Rule 353, the commission
32 shall submit a report, no later than January 1, 2022, to the Joint Standing Committee on
33 Taxation that includes its findings and recommendations, including suggested legislation.
34 The committee may present a bill related to the report of the commission to the Second
35 Regular Session of the 130th Legislature.'

36 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
37 number to read consecutively.

38 **SUMMARY**

39 This amendment replaces the bill with a resolve that establishes the Commission To
40 Study the Impact of Various Types of Taxes on Various Populations in the State. The
41 commission is directed to study and analyze the annual effective tax rates of various state
42 and municipal taxes applied to real and personal property, consumer durables, intangible

1 assets, corporate equities, mutual fund shares, pension entitlements, private business and
2 other financial instruments and their distributional impacts on various categories of
3 residents of the State. The commission is required to submit a report to the Joint Standing
4 Committee on Taxation by January 1, 2022. The committee is authorized to present a bill
5 related to the report to the Second Regular Session of the 130th Legislature.



130th MAINE LEGISLATURE

LD 1514

LR 935(02)

An Act To Provide for Fairness in Property Taxation by Assessing a One-time Tax on Financial Assets

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Legislative Cost/Study

Legislative Cost/Study

The general operating expenses of this study are projected to be \$3,250 in fiscal year 2021-22. The Legislature's budget for the 2022-2023 biennium includes \$10,000 in fiscal year 2021-22 and \$10,000 in fiscal year 2022-23 for the costs of legislative studies, as well as \$21,260 of balances carried over from prior years for this purpose. Whether these amounts are sufficient to fund all studies will depend on the number of studies authorized by the Legislative Council and the Legislature. The additional costs of providing staffing assistance to the study during the interim can be absorbed utilizing existing budgeted staff resources.

Fiscal Detail and Notes

Additional costs to the Governor's Office to service on the commission and to the Department of Administrative and Financial Services to provide tax information to the commission can be absorbed within existing budgeted resources.

No appropriations/allocations section required.