

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature coming from the

**JOINT STANDING COMMITTEE ON TAXATION**

July 2007

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# STATE OF MAINE

123<sup>RD</sup> LEGISLATURE

FIRST REGULAR SESSION

## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS



This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature, which was in session from December 6, 2006 to June 21, 2007.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

CON RES XXX.....	Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....	Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....	House & Senate disagree; bill died
DIED IN CONCURRENCE.....	One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....	Action incomplete when session ended; bill died
EMERGENCY.....	Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE.....	Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE.....	Bill failed to get majority vote
FAILED MANDATE ENACTMENT.....	Bill imposing local mandate failed to get 2/3 vote
NOT PROPERLY BEFORE THE BODY.....	Ruled out of order by the presiding officers; bill died
INDEF PP.....	Bill Indefinitely Postponed
ONTP (or Accepted ONTP report).....	Ought Not To Pass report accepted
OTP-ND.....	Committee report Ought To Pass In New Draft
P&S XXX.....	Chapter # of enacted Private & Special Law
PASSED.....	Joint Order passed in both bodies
PUBLIC XXX.....	Chapter # of enacted Public Law
RESOLVE XXX.....	Chapter # of finally passed Resolve
UNSIGNED.....	Bill held by Governor
VETO SUSTAINED.....	Legislature failed to override Governor's Veto

Please note that the effective date for non-emergency legislation enacted in the First Regular Session is **September 20, 2007**. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

## *Joint Standing Committee on Taxation*

**LD 879      An Act To Authorize a Local Option Homestead Exemption BY  
REQUEST**

**ONTP**

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

This bill allows a municipality to adopt a local option homestead property tax exemption program that provides an exemption of up to 20% of the just value of the homestead. Eligibility criteria for the local option homestead property tax exemption must be the same as for the state homestead property tax exemption program. The benefit available under the local homestead exemption is in addition to the benefit available under the state homestead exemption.

**LD 881      An Act To Create a Tax Break for Families That Make Less Than  
\$25,000 Annually**

**ONTP**

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

This bill increases the income tax rate schedule bracket amounts, beginning with tax year 2007, by \$6,050. The effect of this bill is to increase the amount of taxable income that is taxed at rates below the top rate of 8.5%.

**LD 885      An Act To Implement the Recommendations of the Commission To  
Study the Costs of Providing Certain Services in the Unorganized  
Territories**

**CARRIED OVER**

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

This bill implements the recommendations of the Commission to Study the Cost of Providing Certain Services in the Unorganized Territories established by Resolve 2005, chapter 125.

Part A provides authority for county commissioners to impose service fees for certain types of services provided in the unorganized territory. Service fees must be based on the actual cost of providing the service, imposed only on persons actually receiving the service and imposed on all similarly situated persons receiving the service. Revenues must be used to reduce property taxes.

Part B changes the method of assessing areas under the jurisdiction of the Maine Land Use Regulation Commission for the cost of providing services. The unorganized territory will be assessed a fee equal to .014% of state valuation. Towns and plantations under the jurisdiction of the Maine Land Use Regulation Commission will be assessed a fee equal to .025% of state valuation, reflecting a higher amount of commission activities in those areas. The commission is required to report during the First Regular Session of the 124th Legislature regarding financial matters.

Part C provides that the Commissioner of Education may not provide or reimburse parents for providing transportation for students over roads that have not been accepted by the county as public roads or that do not meet Department of Transportation standards. Reimbursement to parents for transportation of a student will not be permitted beginning in fiscal year 2008-09.

## *Joint Standing Committee on Taxation*

Part D requires the State Controller to establish an Unorganized Territory Education and Services Fund that is in accordance with the standards of a governmental accounting standards board as they apply to financial statements.

Part E increases the fee paid to agents collecting motor vehicle and watercraft excise taxes in the unorganized territory from \$4 to \$6.

Part F makes technical changes to update language and statutory references and repeals an obsolete provision in the laws relating to the funding of services in the unorganized territory.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

**LD 893      An Act To Exempt from Excise Tax Maine Military Personnel Who Are  
Serving Their Tours of Duty in Maine**

**PUBLIC 404**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLOOD MCCORMICK	OTP-AM	H-580

This bill provides a motor vehicle excise tax exemption for all members of the United States Armed Forces, regardless of their state of residency, who are permanently stationed at a military or naval post, station or base in Maine. The exemption does not apply to members of the National Guard or the Reserves of the United States Armed Forces.

**Committee Amendment "A" (H-580)**

This amendment clarifies that the motor vehicle excise tax exemption applies to motor vehicles owned by an eligible active duty service member and adds an effective date.

**Enacted Law Summary**

Public Law 2007, chapter 404 provides a motor vehicle excise tax exemption for vehicles owned by members of the United States Armed Forces, regardless of their state of residency, who are permanently stationed at a military or naval post, station or base in Maine. The exemption does not apply to members of the National Guard or the Reserves of the United States Armed Forces.

**LD 900      An Act To Reduce the Capital Gains Tax**

**INDEF PP**

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

This bill removes a portion of net positive long-term capital gains from income for the purposes of calculating income tax liability. This bill also increases the cigarette tax by \$1.00 per pack, increases the tobacco products tax on smokeless tobacco from 78% to 117% of the wholesale sales price and increases the tax on other tobacco products from 20% to 30% of the wholesale sales price.

This bill was indefinitely postponed without reference to Committee.