

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1172

S.P. 393

In Senate, March 28, 2017

An Act To Repeal the Maine Personal Property Tax

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator CUSHING of Penobscot.
Cosponsored by Representative WARD of Dedham, Representative FREDETTE of Newport
and
Senators: CHENETTE of York, KATZ of Kennebec, MASON of Androscoggin, President
THIBODEAU of Waldo, Representatives: GUERIN of Glenburn, KINNEY of Knox,
PICCHIOTTI of Fairfield.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 10 MRSA §1070**, as amended by PL 1983, c. 480, Pt. B, §14, is further
3 amended to read:

4 **§1070. Leasehold or other interests of lessee taxable**

5 The interest of the lessee of any project is subject to taxation in the manner provided
6 for fee interests in real estate ~~and personal property~~ in Title 36, ~~sections~~ section 551 and
7 ~~602~~, subject to the provisions of Title 36, ~~sections 655 and~~ section 656.

8 **Sec. 2. 24-A MRSA §428, sub-§2**, as amended by PL 1973, c. 585, §12, is
9 further amended to read:

10 **2.** This section ~~shall~~ does not apply as to personal income taxes, or as to ad valorem
11 taxes on real ~~or personal~~ property, or as to special purpose obligations or assessments
12 imposed by another state in connection with particular kinds of insurance other than
13 property insurance; except that deductions, from premium taxes or other taxes otherwise
14 payable, allowed on account of real estate ~~or personal property~~ taxes paid ~~shall~~ must be
15 taken into consideration by the superintendent in determining the propriety and extent of
16 retaliatory action under this section.

17 **Sec. 3. 26 MRSA §872, sub-§2, ¶¶C and D**, as amended by PL 2011, c. 620,
18 §1, are further amended to read:

19 C. The lessor is not an entity owned or controlled by a bond worker or a bond
20 worker's spouse, parent, child, sibling, aunt, uncle or cousin or person related to a
21 bond worker in the same manner by marriage, or by any combination of a bond
22 worker and the bond worker's family members described in this paragraph; and

23 D. The lessor is a leasing business as evidenced by a lease of logging equipment to at
24 least 3 different, unrelated entities within each of the past 3 years; ~~and~~.

25 **Sec. 4. 26 MRSA §872, sub-§2, ¶E**, as enacted by PL 2011, c. 620, §1, is
26 repealed.

27 **Sec. 5. 29-A MRSA §409, sub-§5**, as amended by PL 2011, c. 240, §1, is further
28 amended to read:

29 **5. Other taxes.** A motor vehicle, mobile home, camp trailer or truck camper may
30 not be registered until the excise tax ~~or personal property tax~~ or real estate tax has been
31 paid in accordance with Title 36, sections 551, ~~602~~, 1482 and 1484. The Secretary of
32 State may provide municipal excise tax collectors with a standard vehicle registration
33 form for the collection of excise tax.

34 **Sec. 6. 29-A MRSA §501, sub-§10, ¶A**, as enacted by PL 1993, c. 683, Pt. A, §2
35 and affected by Pt. B, §5, is repealed.

36 **Sec. 7. 30 MRSA §6208, sub-§2**, as amended by PL 1985, c. 672, §§2 and 4, is
37 further amended to read:

1 **2. Property taxes.** The Passamaquoddy Tribe and the Penobscot Nation shall make
2 payments in lieu of taxes on all real ~~and personal~~ property within their respective Indian
3 territory in an amount equal to that which would otherwise be imposed by a county, a
4 district, the State, or other taxing authority on such real ~~and personal~~ property ~~provided,~~
5 ~~however, except~~ that any real ~~or personal~~ property within Indian territory used by either
6 tribe or nation predominantly for governmental purposes ~~shall be~~ is exempt from taxation
7 to the same extent that such real ~~or personal~~ property owned by a municipality is exempt
8 under the laws of the State. The Houlton Band of Maliseet Indians shall make payments
9 in lieu of taxes on Houlton Band Trust Land in an amount equal to that which would
10 otherwise be imposed by a municipality, county, district, the State or other taxing
11 authority on that land or natural resource. Any other real ~~or personal~~ property owned by
12 or held in trust for any Indian, Indian Nation or tribe or band of Indians and not within
13 Indian territory, ~~shall be~~ is subject to levy and collection of real ~~and personal~~ property
14 taxes by any and all taxing authorities, including but without limitation municipalities,
15 except that such real ~~and personal~~ property owned by or held for the benefit of and used
16 by the Passamaquoddy Tribe or the Penobscot Nation predominantly for governmental
17 purposes ~~shall be~~ is exempt from property taxation to the same extent that such real ~~and~~
18 ~~personal~~ property owned by a municipality is exempt under the laws of the State.

19 **Sec. 8. 30-A MRSA §5222, sub-§15,** as amended by PL 2011, c. 101, §6, is
20 further amended to read:

21 **15. Tax increment.** "Tax increment" means real ~~and personal~~ property taxes
22 assessed by a municipality or plantation, in excess of any state, county or special district
23 tax, upon the increased assessed value of property in the development district.

24 **Sec. 9. 30-A MRSA §5263, sub-§12,** as enacted by PL 1993, c. 671, §2, is
25 amended to read:

26 **12. Tax increment.** "Tax increment" means that portion of all real ~~and personal~~
27 property taxes assessed by a municipality in excess of any state, county or special district
28 tax upon the captured assessed value of property in the development district.

29 **Sec. 10. 30-A MRSA §5681, sub-§2, ¶B,** as amended by PL 2007, c. 662, §1, is
30 further amended to read:

31 B. "Property tax burden" means the total real ~~and personal~~ property taxes assessed in
32 the municipal fiscal year pertaining to the latest state valuation, except the taxes
33 assessed on captured value within a tax increment financing district, divided by the
34 latest state valuation certified to the Secretary of State.

35 **Sec. 11. 30-A MRSA §5681, sub-§2, ¶E,** as amended by PL 2011, c. 656, §1, is
36 further amended to read:

37 E. "Disproportionate tax burden" means the total real ~~and personal~~ property taxes
38 assessed in the municipal fiscal year pertaining to the latest state valuation, except the
39 taxes assessed on captured value within a tax increment financing district, divided by
40 the latest state valuation certified to the Secretary of State and reduced by .01.
41 Beginning on July 1, 2013 and each July 1st thereafter, if the total revenue-sharing

1 distribution as calculated by subsection 5 is distributed to the municipalities without
2 transfer or reduction, the reduction factor must be increased by either .0005 or the
3 percentage increase necessary to equal the statewide average property tax rate,
4 whichever increase is smaller, until the fiscal year when the percentage reduction
5 factor reaches the statewide average property tax rate.

6 **Sec. 12. 30-A MRSA §5681, sub-§2, ¶F**, as enacted by PL 2011, c. 656, §2, is
7 amended to read:

8 F. "Statewide average property tax rate" means the total real ~~and personal~~ property
9 taxes assessed in all municipalities in the municipal fiscal year pertaining to the latest
10 state valuation, except the taxes assessed on captured value within a tax increment
11 financing district, divided by the total latest state valuation certified to the Secretary
12 of State.

13 **Sec. 13. 36 MRSA §457, sub-§7**, as amended by PL 2011, c. 430, §1, is further
14 amended to read:

15 **7. Collection.** Taxes assessed under this section ~~by the State Tax Assessor~~ must be
16 enforced as generally provided by this Title. ~~Taxes assessed under this section by~~
17 ~~municipal assessors must be enforced in the same way as locally assessed personal~~
18 ~~property taxes.~~

19 **Sec. 14. 36 MRSA §578, sub-§1, ¶C**, as amended by PL 2011, c. 404, §1, is
20 further amended to read:

21 C. The State Tax Assessor shall distribute reimbursement under this section to each
22 municipality in proportion to the product of the reduced tree growth valuation of the
23 municipality multiplied by the property tax burden of the municipality. For purposes
24 of this paragraph, unless the context otherwise indicates, the following terms have the
25 following meanings.

26 (1) "Property tax burden" means the total real ~~and personal~~ property taxes
27 assessed in the most recently completed municipal fiscal year, except the taxes
28 assessed on captured value within a tax increment financing district, divided by
29 the latest state valuation certified to the Secretary of State.

30 (2) "Undeveloped land" means rear acreage and unimproved nonwaterfront
31 acreage that is not:

32 (a) Classified under the laws governing current use valuation set forth in
33 chapter 105, subchapter 2-A, 10 or 10-A;

34 (b) A base lot; or

35 (c) Waste land.

36 (3) "Average value of undeveloped land" means the per acre undeveloped land
37 valuations used in the state valuation then in effect, or according to the current
38 local valuation on undeveloped land as determined for state valuation purposes,
39 whichever is less.

1 (4) "Reduced tree growth valuation" means the difference between the average
2 value of undeveloped land and the average value of tree growth land times the
3 total number of acres classified as forest land under this subchapter plus the total
4 number of acres of forest land that is transferred from tree growth classification
5 to farmland classification pursuant to section 1112 on or after October 1, 2011.

6 **Sec. 15. 36 MRSA c. 105, sub-c. 3**, as amended, is repealed.

7 **Sec. 16. 36 MRSA §655, sub-§1, ¶P**, as amended by PL 2007, c. 627, §23, is
8 further amended to read:

9 P. All items of individually owned personal property ~~with a just value of less than~~
10 ~~\$1,000, except:~~

11 ~~(1) Items used for industrial or commercial purposes; and~~

12 ~~(2) Vehicles as defined in section 1481 that are not subject to an excise tax;~~

13 **Sec. 17. 36 MRSA §760-A**, as enacted by PL 1991, c. 231, is repealed.

14 **Sec. 18. 36 MRSA c. 107, sub-c. 3**, as amended, is repealed.

15 **Sec. 19. 36 MRSA §1482, sub-§6, ¶A**, as amended by PL 1979, c. 666, §39, is
16 further amended to read:

17 A. Where the person seeking to pay the excise tax owned the vehicle other than an
18 automobile truck or truck tractor on or before April 1st, the excise tax must be paid
19 before property taxes for the year in question are committed to the collector;
20 ~~otherwise the owner is subject to a personal property tax.~~

21 **Sec. 20. 36 MRSA §1482, sub-§6, ¶C**, as amended by PL 1971, c. 396, is
22 repealed.

23 **Sec. 21. 36 MRSA §1485** is repealed.

24 **Sec. 22. 36 MRSA §1486, first ¶**, as amended by PL 2011, c. 610, Pt. A, §9, is
25 further amended to read:

26 ~~No A vehicle may not be registered under Title 29-A until the excise tax or personal~~
27 ~~property tax or real estate tax has been paid in accordance with sections 1482 and 1484.~~

28 **Sec. 23. 36 MRSA §1606, sub-§4**, as enacted by PL 2007, c. 627, §35, is
29 amended to read:

30 **4. Intent.** The intent of the Legislature is to permit the administration of all real ~~and~~
31 ~~personal~~ property taxes in the unorganized territory through the Unorganized Territory
32 Education and Services Fund as a matter of convenience and economy.

33 **Sec. 24. 36 MRSA §4064-A, sub-§1**, as amended by PL 2005, c. 622, §21, is
34 further amended to read:

1 **1. Amount.** A tax is imposed upon the transfer of real property ~~and tangible~~
 2 ~~personal property~~ situated in this State and held by an individual who dies during the
 3 calendar year 2002 and who at the time of death was not a resident of this State. When
 4 real ~~or tangible personal~~ property has been transferred into a trust, the tax imposed by this
 5 section applies as if the trust did not exist and the property was personally owned by the
 6 decedent. Maine property is subject to the tax imposed by this section to the extent that
 7 such property is included in the decedent's gross estate as finally determined for federal
 8 estate tax purposes. The amount of this tax is equal to the lesser of:

9 A. That proportion of the federal estate tax calculated prior to the application of the
 10 federal credit that the value of Maine real ~~and tangible personal~~ property taxed in this
 11 State that qualifies for the credit bears to the value of the decedent's total federal
 12 gross estate; and

13 B. That proportion of the federal credit divided by .75 that the value of Maine real
 14 ~~and tangible personal~~ property taxed in this State that qualifies for the credit bears to
 15 the value of the decedent's total federal gross estate.

16 The share of the federal credit used to determine the amount of a nonresident individual's
 17 estate tax under this section is computed without regard to whether the specific real ~~or~~
 18 ~~tangible personal~~ property located in the State is marital deduction property.

19 **Sec. 25. 36 MRSA §6656, sub-§1,** as amended by PL 2015, c. 239, §1, is further
 20 amended to read:

21 **1. Reimbursement claim.** Notwithstanding any other provision of law, except as
 22 provided in ~~subsection 1-A,~~ section 6652 and section 6662, upon receipt of a timely and
 23 properly completed claim for reimbursement, the State Tax Assessor shall certify that the
 24 claimant is eligible for reimbursement under this chapter. The assessor shall determine
 25 the benefit for each claimant and shall certify to the State Controller the amounts to be
 26 transferred to the Business Equipment Tax Reimbursement reserve account established,
 27 maintained and administered by the State Controller from General Fund undedicated
 28 revenue.

29 **Sec. 26. 36 MRSA §6656, sub-§1-A,** as enacted by PL 2015, c. 239, §2, is
 30 repealed.

31 SUMMARY

32 Current law requires all personal property, including machinery, to be assessed and
 33 taxed in the same manner as other property but exempts from taxation individually owned
 34 personal property with a just value of less than \$1,000, except for items used for
 35 industrial or commercial purposes and vehicles that are not subject to the excise tax.

36 This bill repeals the provisions of law requiring a tax to be imposed on personal
 37 property and specifies that all individually owned personal property is exempt from
 38 taxation.

39 This bill removes numerous references in the Maine Revised Statutes to the personal
 40 property tax.