

# MAINE STATE LEGISLATURE

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*State Of Maine  
121st Legislature*

*First Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Taxation*

*July 2003*

**Members:**

*Sen. Stephen S. Stanley, Chair  
Sen. Ethan Strimling  
Sen. Richard A. Nass*

*Rep. David G. Lemoine, Chair  
Rep. Joseph C. Perry  
Rep. Bernard E. McGowan  
Rep. Deborah L. Simpson  
Rep. Arthur L. Lerman  
Rep. Edward J. Suslovic  
Rep. Harold A. Clough  
Rep. Jonathan T. E. Courtney  
Rep. Earle L. McCormick  
Rep. Joshua A. Tardy*

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# Maine State Legislature



## Office Of Policy And Legal Analysis Office Of Fiscal And Program Review

### 121st Maine Legislature First Regular Session

#### Summary Of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing and joint select committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet ([www.state.me.us/legis/opla](http://www.state.me.us/legis/opla)).

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:

<i>CARRIED OVER PURSUANT TO HP 1212</i> .....	<i>Bills carried over to the 2<sup>nd</sup> Regular Session</i>
<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i> .....	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i> .....	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i> .....	<i>Ought Not To Pass report accepted</i>
<i>OTP-ND</i> .....	<i>Committee report Ought To Pass In New Draft</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PASSED</i> .....	<i>Joint Order passed in both bodies</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

Please note that the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is September 13, 2003.

**David C. Elliott, Director**  
Offices located in Room 215 of the Cross Office Building

LD 1337

**An Act To Stabilize the Maine Dairy Industry, Protect Consumers against Price Gouging on Milk and Eliminate the BETR/TIF Double Dip**

ONTP

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

LD 1337 proposed to prohibit the sale of milk for unconscionably excessive prices. This bill also proposed to amend the business equipment tax reimbursement program to eliminate payment for taxes that are returned to a taxpayer due to participation in a municipal development district and to appropriate funds from the General Fund to the Maine Milk Commission.

LD 1338

**An Act To Reform the Tax Laws**

ONTP

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

LD 1338 proposed to provide for a local option sales and use tax and a local option income tax at the same rates as and as a substitute for the state sales and use tax and income tax, to be approved by municipal referendum. The general purpose aid for local schools that a municipality receives from the State would be reduced by the amount the municipality received through the local option taxes. If a municipality received more through the local option taxes than the amount the municipality would have received through the general purpose aid for local schools, then the municipality would need to reduce property taxes by the excess amount, applied pro rata to all of the taxable property in the municipality.

**LD 1372**

**An Act To Enact the School Finance Act of 2003**

INDEF PP

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

LD 1372 was a citizen-initiated bill that proposed to require the State to provide at least 55% of the total state and local cost of kindergarten to grade 12 public education, including 100% state support for special education services mandated by state and federal law.

Two percent of the annual state appropriation for education required by this initiated bill would be dedicated to the Fund for the Efficient Delivery of Education Services, which is dedicated to providing incentive-based resources to those school administrative units or municipalities that would effect certain system changes that provide significant and sustainable cost savings in the delivery of educational services.

The Fund for the Efficient Delivery of Local and Regional Services is established within the Local Government Fund, which is the fund from which state-municipal revenue sharing is distributed. This fund would be capitalized by setting aside 2% of the sales and income tax revenue that would otherwise be distributed according to the revenue-sharing formula. This 2% would be distributed to those municipalities that could demonstrate cost savings in the delivery of local and regional governmental services through collaboration with other local and regional governments and participating state agencies. This initiated bill would direct the Legislature to develop the necessary implementing legislation to fully implement the Fund for the Efficient Delivery of Education Services and the Fund for the Efficient Delivery of Local and Regional Services.

This initiated bill also proposed to direct the Legislature to develop the necessary implementing legislation to provide for the necessary state revenue to meet the State's obligation to support public education without undermining existing municipal support systems such as municipal revenue sharing, the property tax homestead exemption and local road assistance, among others.

Finally, this initiated bill would direct the Legislature to develop a comprehensive plan as soon as possible but no later than March 1, 2004 that integrates the efforts of state, county and local government and schools to reduce unnecessary spending, identify cost savings in the delivery of governmental services and otherwise address the issue of the overall tax burden in this State.

**LD 1394**

**An Act To Modernize the State's Tax System**

**CARRIED OVER**

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

LD 1394, Part A, proposes to affect the Maine Residents Property Tax Program, the so-called "circuit breaker program," by reducing the tax-to-income threshold initially to 3%, phasing in an additional decrease of .5% over a 4-year period; increasing the maximum rebate to \$6,000; increasing the income limits for single-member households and households with 2 or more members to \$45,000 and \$75,000, respectively; increasing the renter rebate to 25%; and allowing persons to use the income tax form to file for a refundable credit.

Part B proposes to increase from 5.1% to 8.5% the percentage of sales and income tax revenues transferred to the Local Government Fund for revenue sharing.

Part C proposes to reform the income tax by increasing the personal exemption amount to equal the federal amount, increasing the earned income credit and making it refundable and creating a 10% income tax bracket for income of \$100,000 or more for single filers, \$150,000 or more for persons filing as heads of household and \$200,000 for persons filing married joint returns.

Part D proposes the following:

1. To expand the definition of "taxable services" for purposes of the imposition of sales tax to include amusement and recreational, business, personal and professional services;