

MAINE STATE LEGISLATURE

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*State Of Maine
121st Legislature*

*Second Regular Session
and Second Special Session*

Bill Summaries

*Joint Standing Committee
on
Taxation*

May 2004

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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 Lerman

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Rep. Earle L. McCormick

Rep. Joshua A. Tardy

Maine State Legislature



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

*121st Maine Legislature
Second Regular Session and
Second Special 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/billsumm.htm).

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..... 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 all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is April 30, 2004; and non-emergency legislation enacted in the Second Special Session is July 30, 2004. Four bills (LD's 1572, 1629, 1636 and 1637) that were considered at the First Special Session in August 2003 are also included in these summaries.

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

Joint Standing Committee on Taxation

LD 1813

An Act To Make Minor Substantive Changes to the Tax Laws

PUBLIC 705

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE	OTP-AM	H-824
STANLEY		S-595 CATHCART

LD 1813 proposed to make the following changes to the laws governing taxation:

1. Add retailers of low-energy fuel to the categories of persons who are subject to revocation of their registration certificate if they fail to comply with a notice to segregate trust fund taxes. The change was inadvertently omitted from legislation enacted in the 119th Legislature that established this new category of licensee under the Special Fuel Tax Act;
2. Establish a requirement for persons who purchase more than 2 cartons per month of unstamped cigarettes for personal use to report and pay the cigarette tax directly to the Department of Administrative and Financial Services, Bureau of Revenue Services and clarify that persons who fail to do so are subject to the same assessment provisions as those liable for other taxes;
3. Add the federal empowerment zone employment credit to those similar federal credits that are deductible from state income for purposes of calculating Maine taxable income for individuals and corporations and add citations to the specific provisions of the Internal Revenue Code that authorize the credits. The changes would apply to tax years beginning on or after January 1, 2004; and

Clarify that premiums paid by self-employed taxpayers for long-term care insurance may be used to reduce Maine taxable income only to the extent that those premiums have not already been deducted in arriving at federal adjusted gross income. The change would apply to tax years beginning on or after January 1, 2004.

Committee Amendment “A” (H-824) proposed to amend the bill by adding 3 sections. One new section would permit access by the Department of Human Services to certain real estate transfer tax information to assist in the recovery of amounts owed the State under the Medicaid program. Another new section would expand the sales tax exemption for nonprofit residential care facilities to include nonprofit assisted living programs. The amendment also proposed to strike the section of the bill that repeals the sales tax exemption for truck bodies and trailers manufactured in the State and proposed to authorize in the 3rd new section a committee review of the provision during regular interim meetings. This review was not approved by the Legislative Council.

Senate Amendment “A” (S-595) proposed to provide for conformity of the State's tax laws with the United States Internal Revenue Code as of December 31, 2003 except for those provisions of the Code related to health savings accounts. This amendment also makes a technical correction to avoid a conflict by incorporating changes to the Maine Revised Statutes, Title 36, section 1760, subsection 16 that were enacted by Public Law 2003, chapter 588.

This amendment also proposed to remove the requirement that the joint standing committee of the Legislature having jurisdiction over taxation matters conduct a review during the 2004 legislative interim of the sales tax

Enacted Law Summary

Public Law 2003, chapter 705 made minor substantive changes to the laws governing taxation. Specifically the law does the following.

Joint Standing Committee on Taxation

1. It adds retailers of low-energy fuel to the categories of persons who are subject to revocation of their registration certificate if they fail to comply with a notice to segregate trust fund taxes. The change was inadvertently omitted from legislation enacted in the 119th Legislature that established this new category of licensee under the Special Fuel Tax Act.
2. It eliminates the requirement for processors and shippers of wild blueberries to file an annual application for renewal of certification.
3. It requires persons who purchase more than 2 cartons per month of unstamped cigarettes for personal use to report and pay the cigarette tax directly to the Department of Administrative and Financial Services, Bureau of Revenue Services and clarifies that persons who fail to do so are subject to the same assessment provisions as those liable for other taxes.
4. It adds the federal empowerment zone employment credit to those similar federal credits that are deductible from state income for purposes of calculating Maine taxable income for individuals and corporations and add citations to the specific provisions of the Internal Revenue Code that authorize the credits.
5. It clarifies that premiums paid by self-employed taxpayers for long-term care insurance may be used to reduce Maine taxable income only to the extent that those premiums have not already been deducted in arriving at federal adjusted gross income.
6. It permits access by the Department of Human Services to certain real estate transfer tax information to assist in the recovery of amounts owed the State under the Medicaid program. See also Public Law 2003, chapter 673, section DD-2 which contains the same change.
7. It expands the sales tax exemption for nonprofit residential care facilities to include nonprofit assisted living programs.
8. It updates the State's general conformity with changes in the United States Internal Revenue Code between May 28, 2003 and December 31, 2003, with the exception of provisions related to health savings accounts.

LD 1816

An Act Concerning Technical Changes to the Tax Laws

PUBLIC 588

<u>Sponsor(s)</u> LEMOINE STANLEY	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-754
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LD 1816 proposed to make the following changes to the laws governing taxation:

1. Clarify that the Department of Administrative and Financial Services, Bureau of Revenue Services must preserve electronically transmitted tax returns for at least 3 years, and that returns could be preserved in the form of digital images rather than microfilm reproductions;
2. Add definitions of “rural community health center” and “school” to the sales and use tax law, to repeal language that is definitional in nature from the statute exempting these types of entities and to repeal cross-references to the repealed language;