

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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Sen. Ethan Strimling
Sen. Richard A. Nass*

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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

3. It clarifies that the sales tax exemption for sales to contractors of materials that will be incorporated into real estate of an exempt entity includes sales to subcontractors.
4. It replaces outdated references to federal laws and regulations governing air carriers from the sales tax exemption for parts used by scheduled airlines. The existing statute refers to regulations of the Civil Aeronautics Board, which no longer exists, and cites a federal law that has been repealed.
5. It clarifies the application of the exemption provisions in the gasoline tax law.
6. It expands the special fuel tax exemption for kerosene delivered to a separate tank for retail sale to include kerosene prepackaged for home use. The Bureau of Revenue Services is currently applying this interpretation administratively.
7. It corrects the applicable tax years for the provisions relating to the modification of federal adjusted gross income for property eligible for federal bonus depreciation for individual income tax computation purposes.
8. It adds a reference to net operating loss provisions for clarity and consistency with other statutory provisions.
9. It deletes redundant provisions that require taxpayers to make timely payment of income and franchise taxes.
10. It relocates an inappropriately placed requirement to file amended returns into the chapter of law governing the filing of returns, in order to clarify that amended returns are returns for purposes of determining the timeliness of assessments, requests for appeal and refund requests.
11. It repeals a cross-reference to the provision repealed in the Maine Revised Statutes, Title 36, section 5227.
12. It repeals a redundant statute authorizing the State Tax Assessor to name the assessor's employees as agents to collect income taxes.
13. It clarifies the sales tax treatment of sales of products for human consumption through vending machines.
14. It also makes various grammatical changes.

LD 1824

An Act To Provide Property Tax Relief to Maine Homeowners

INDEF PP

Sponsor(s)
COLWELL
DAGGETT

Committee Report
RECEIVED BY
CLERK PUR TO
JT RULE 309

Amendments Adopted

LD 1824 proposed to create the Maine Homestead Property Tax Relief Program by incorporating the current Maine Residents Property Tax Program, commonly referred to as the "circuit breaker" program, and the homestead property tax exemption program. The new program would apply to tax years

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beginning April 1, 2004. Taxpayers would receive property tax relief payments beginning September 30, 2004.

The new program would have the following provisions:

1. Payments would be provided directly to Maine resident property taxpayers;
2. Under the homestead portion of the program, all Maine resident property owners, regardless of income level, would receive a homestead property tax relief payment equivalent to a \$14,000 property tax exemption based on local valuation and the local mil rate as long as the owner did not owe any back taxes on the claimed property;
3. Under the circuitbreaker portion of the program, the maximum benefit payment for low-income nonelderly households would be increased to \$1,250 from the current \$1,000 and the percentage of rent considered payment for property taxes would be increased to 20% from the current 18% for nonelderly households;
4. Low-income or elderly households would obtain both the homeowners benefit and the circuitbreaker benefit if those households qualified for both benefits; however, the total maximum benefit could not exceed the total amount of property taxes owed; and
5. The application deadlines and tax relief payment deadlines would be the same for all benefits under the new program: all applications would have to be submitted by April 15th and all payments would be made by the State Treasurer no later than September 30th of each year and subsequent claims for the same property by the same claimant could be done through the claimant's Maine income tax return or through a separate return.

The bill also proposed to authorize a municipality to develop a local program in which the property taxes would be frozen or increased only by the rate of inflation. Eligibility for the program would be limited to taxpayers who had occupied their homes for at least 20 years and who were in danger of losing the property due to inability to pay the property taxes. The municipality would recoup the lost revenue when the homes were sold or transferred. The program would require approval at a local option referendum.

LD 1824 was removed from Committee by the presiding officers without a Committee report near the end of the Second Special Session.

LD 1850

**Resolve, Regarding Legislative Review of Chapter 31:
Affordable Housing Development District - Recovery of Public
Revenue, a Major Substantive Rule of the Maine State Housing
Authority**

**RESOLVE 115
EMERGENCY**

Sponsor(s)

Committee Report
OTP

Amendments Adopted

LD 1850 proposed to authorize the Maine State Housing Authority to adopt Chapter 31: Affordable Housing Development District - Recovery of Public Revenue, a major substantive rule.