

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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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
ONT P.....	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 1911

An Act To Authorize Municipalities To Establish Local Tax Relief Programs

ONTP

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

LD 1911 was a concept draft that proposed to allow municipalities to establish local tax relief programs.

LD 1923

An Act To Increase Business Investment, Provide Expanded Property Tax Relief to Low-income and Moderate-income Homeowners and Cap Local and County Spending

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY LEMOINE	RECEIVED BY CLERK PUR TO JT RULE 309	

LD 1923 was a Governor's bill that proposed the following tax relief measures.

Part A proposed to establish a property tax exemption for certain business property that would have been first subject to property tax after April 1, 2004 in the absence of this exemption. Property placed in service on or before April 1, 2004 would remain eligible for the Business Equipment Tax Reimbursement, or "BETR," program for the duration of the 12-year window for BETR program entitlement, after which it would be exempt. Property placed in service on or before April 1, 1995, the date after which property placed into service is eligible under BETR, would remain subject to property taxation as long as it continued to be otherwise subject to personal property taxation in the State.

Part A also proposed to establish a procedure for the State Tax Assessor to value business equipment entitled to the tax exemption. Continuing valuation of this class of property would be required in order to provide the required 50% state reimbursement to municipalities for lost property tax revenue.

Part B proposed to repeal the homestead property tax exemption program for property tax years beginning on or after April 1, 2004, expand the Maine Residents Property Tax Program and rename the expanded property tax reimbursement "the Homestead Tax Cap Program" for applications required to be filed on or after August 1, 2004. The program would be expanded by increasing the income eligibility requirements for nonelderly households to \$75,000 for single-member households and to \$100,000 for households with 2 or more members and by increasing the maximum allowable benefit from \$1,000 to \$1,325 for applications filed in 2004 and to \$2,000 thereafter.

Part C, which is modeled after the budget stabilization cap applicable to the State Government budget, proposed to establish a cap on municipal and county government spending. Each year, municipal and county budgets could not exceed the average real personal income growth rate, adjusted by inflation, except in exceptional circumstances. For a budget to exceed the adjusted annual growth rate, the municipal or county budget authority would need to state what exceptional circumstances require the cap to be exceeded and vote on a separate article to exceed the cap.

Joint Standing Committee on Taxation

LD 1923 was removed from Committee by the presiding officers without a Committee report near the end of the Second Special Session.

LD 1924

An Act To Reduce the Cost of Local Government through Increased State Education Funding and Provide Property Tax Relief

PUBLIC 712

<u>Sponsor(s)</u> DOUGLASS CUMMINGS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-545 S-550 BRENNAN
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LD 1924, a Governor's bill, was referred jointly to the Joint Standing Committees on Education and Taxation. The bill proposed to provide that by fiscal year 2009-10 the state share of kindergarten to grade 12 education funding, as described by essential programs and services, must be 55%. It also proposed to establish a local cost share expectation for property tax years beginning on or after April 1, 2005. The maximum local cost share expectation would decline over the period from fiscal year 2005-06 to fiscal year 2009-10. The expectation would not exceed 9.0 mills in fiscal year 2005-06. It could not exceed 8.0 mills in fiscal year 2009-10. Beginning in fiscal year 2009-2010 the legislative body of a school administrative unit could not adopt a property tax rate that exceeded its mill expectation unless, in a vote separate from its adoption of the school budget, it voted to increase the property tax rate.

The bill also proposed to place transportation operating costs into the essential programs and services funding formula. It also stated that special education costs would be included in essential programs and services starting in fiscal year 2005-06. Beginning in fiscal year 2004-05, the Department of Education would provide training in state-approved guidelines for identification of special education students. The bill also placed early childhood education program costs and vocational education program costs into essential programs and services no later than fiscal year 2007-08.

Committee Amendment “A” (S-545) proposed to replace the bill and make the following changes.

1. It proposed to amend the existing state share percentage targets for fiscal year 2005-06 through fiscal year 2009-10 to provide for the so-called "ramp" necessary to achieve the 55% state share of school funding based on the essential programs and services funding model.
2. It proposed to provide for the establishment of the Municipal Budget Analysis Committee for the purpose of providing the Governor and the Legislature with an analysis of the effectiveness of increased state support for education services in reducing the local property tax commitment required to fund the cost of the essential programs and services over the 2005-06 to 2009-10 period. The committee would consider in its analysis certain benchmarks for the increased state share of school funding and performance indicators for the related reduction in local property tax commitments for each fiscal year; and the Department of Education would develop information for the committee on each municipality and the statewide aggregate to determine whether the increased level of state funding resulted in a reduction of the related local property tax commitment required to fund the costs of essential programs and services in the prior fiscal year.
3. It proposed to delay the requirements for school administrative units and certain private high schools to implement standards in the content areas of mathematics, English language arts, health and physical education, science and technology and social studies, including the requirement that high school graduation be determined by student achievement of the standards for these content areas, by one year to