

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

*First Regular Session and
First Special Session*

Bill Summaries

*Joint Standing Committee
on
Taxation*

August 2005

Members:

*Sen. Joseph C. Perry, Chair
Sen. Ethan Strimling
Sen. Jonathan T. E. Courtney*

*Rep. Richard G. Woodbury
Rep. Herbert E. Clark
Rep. Deborah J. Hutton
Rep. Raymond G. Pineau
Rep. Thomas R. Watson
Rep. Harold A. Clough
Rep. H. Stedman Seavey, Jr.
Rep. Earle L. McCormick
Rep. Leonard Earl Bierman
Rep. Bruce Q. Hanley*

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Maine State Legislature

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122nd Legislature
First Regular Session and First Special Session

Summary of Legislation Considered by the Joint Standing Committees
August 2005

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 organized by committees 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. A subject index for each committee is included immediately before the bill summaries for that committee, and a numerical index by LD number is included 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).

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:

- CARRIED OVER Bill Carried Over to Second Regular Session
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
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
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 the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is June 29, 2005; and for non-emergency legislation enacted in the First Special Session is September 17, 2005.

Joint Standing Committee on Taxation

See also LD 1, Public Law 2005, chapter 2, Part E.

LD 319 **An Act To Exempt Retirement and Pension Income from the State Income Tax** **ONTP**

<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 319 proposed to increase the income tax deduction for pension income from \$6,000 to \$35,000 for tax years beginning January 1, 2005 and to broaden the definition of eligible "employee retirement plan" to include other retirement plans such as so-called Roth IRAs and simplified employee pension plans.

LD 320 **An Act To Limit Property Acquired by Municipalities due to Tax Delinquency** **ONTP**

<u>Sponsor(s)</u> MCKANE SNOWE-MELLO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 320 proposed to reduce the amount of property acquired by municipalities for nonpayment of taxes by establishing procedures for the development of payment plans both before and after the property is acquired by a municipality. Municipalities would be required to establish procedures for payment plans and to notify persons who are delinquent of those procedures and the availability of property tax relief programs. The municipality would be permitted to set off against delinquent taxes amounts owed by the municipality to the person who is delinquent. If the person who is delinquent in payment of taxes, or in the case of residential property, that person's surviving spouse, continues to reside on or occupy the property, then the municipality could not sell the property to a 3rd party if the person residing on or occupying the residential or commercial property is making a good faith effort to repurchase the property. A former owner or the former owner's surviving spouse would be permitted to buy back the property by payment of delinquent taxes, interest and costs at any time before the property is sold to a 3rd party. A municipality that sold a tax-acquired property would be required to pay the funds received in excess of delinquent taxes, interest and costs to the former owner or the former owner's surviving spouse or heirs.

LD 325 **An Act To Clarify the Definition of "Domiciled" for Maine Income Tax Purposes** **CARRIED OVER**

<u>Sponsor(s)</u> CUMMINGS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-588 H-658 CUMMINGS
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Joint Standing Committee on Taxation

LD 325 proposed to require the State Tax Assessor to adopt major substantive rules defining and clarifying the meaning of "domiciled" for Maine income tax purposes to eliminate uncertainty and promote voluntary compliance with Maine's income tax laws.

Committee Amendment "A" (H-588) proposed to provide specific limitations on the domicile concept in the definition of "resident individual" in the case of an individual who does not maintain a permanent place of abode in Maine and is present in Maine for only short periods of time. This amendment also proposed to provide that domicile determinations could not be based on the location of an individual's professional advisors or on charitable or political contributions.

House Amendment "A" To Committee Amendment "A" (H-658) proposed to provide that the specific limitations on the domicile concept in the definition of "resident individual" do not apply to members of the Armed Forces who are absent from Maine in compliance with military or naval orders and who remain Maine residents pursuant to federal law.

This bill, and its adopted amendments, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122nd Legislature.

LD 328 **An Act To Enhance the Maine Earned Income Tax Credit** **ONTP**

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

LD 328 proposed to expand the Maine earned income tax credit by increasing it from 5% to 30% of the federal credit and by making it refundable.

LD 332 **An Act To Exempt Unemployment Benefits from State Income Tax** **DIED IN
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLARK STRIMLING	ONTP MAJ OTP-AM MIN	H-404

LD 332 proposed to exempt from income, for purposes of computing Maine income tax, unemployment benefits, beginning January 1, 2005.