

# MAINE STATE LEGISLATURE

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*State Of Maine  
122nd Legislature*

*Second Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Taxation*

*July 2006*

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# Maine State Legislature



## Office of Policy and Legal Analysis Office of Fiscal and Program Review

### 122nd Maine Legislature Second 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 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](http://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 (Pocket Veto)                   | 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 August 23, 2006.

## Joint Standing Committee on Taxation

**LD 1400**                      **An Act To Reduce Payments under the Business Equipment Tax Reimbursement Program and To Eliminate Double Dipping and Increase Conformity with the Internal Revenue Code**                      **ONTP**

|                              |  |                                 |  |                           |
|------------------------------|--|---------------------------------|--|---------------------------|
| <u>Sponsor(s)</u><br>MILLS P |  | <u>Committee Report</u><br>ONTP |  | <u>Amendments Adopted</u> |
|------------------------------|--|---------------------------------|--|---------------------------|

LD 1400 proposed to reduce reimbursement under the Business Equipment Tax Reimbursement (BETR) program to 90% of taxes paid and to reduce BETR program reimbursement by the amount of reimbursement under a tax increment financing district.

The bill also proposed to increase the State's conformity with the federal Internal Revenue Code by incorporating the federal exemption amount into the state estate tax and by conforming to the federal tax deductibility of health saving accounts.

Reimbursement under the BETR program was reduced for one year to 90% of taxes paid for the application period beginning August 1, 2006 in Public Law 2005, chapter 457, Part BBB.

This bill was carried over by H.P. 1203 from the First Special Session of the 122nd Legislature.

See also LDs 1102, 1557, 1660 and 2056.

**LD 1552**                      **An Act To Make Owners of Cooperative Housing Eligible for the Homestead Exemption**                      **PUBLIC 647**

|                                     |  |                                   |  |   |
|-------------------------------------|--|-----------------------------------|--|---|
| <u>Sponsor(s)</u><br>CROSBY<br>MAYO |  | <u>Committee Report</u><br>OTP-AM |  | <u>Amendments Adopted</u><br>H-584<br>S-668 ROTUNDO |
|-------------------------------------|--|-----------------------------------|--|---|

LD 1552 proposed to allow residents of a residential cooperative who are shareholders in that cooperative to benefit from the Maine resident homestead property tax exemption program by providing a property tax exemption to the owner of cooperative property equal to the standard amount of the exemption multiplied by the number of units in the cooperative occupied by persons who would otherwise qualify for the homestead property tax exemption if they owned property qualifying as a homestead.

**Committee Amendment "A" (H-584)** proposed to clarify the method of applying the exemption for cooperative housing and change the application date from 2005 to 2006.

**Senate Amendment "A" to Committee Amendment "A" (S-668)** proposed to add a mandate preamble, remove the appropriations and allocations section and change the application date.

### *Enacted law summary*

Public Law 2005, chapter 647 allows residents of a residential cooperative who are shareholders in that cooperative to benefit from the Maine resident homestead property tax exemption by providing a property tax exemption to the owner of the cooperative property equal to the amount of the standard homestead exemption

## Joint Standing Committee on Taxation

multiplied by the number of units in the cooperative occupied by persons who would otherwise qualify for the homestead property tax exemption if they owned property currently qualifying as a homestead. The benefit must be passed on to the owners of the cooperative share.

**LD 1557**                      **An Act To Improve the Business Equipment Tax Reimbursement Program**                      **ONTP**

| <u>Sponsor(s)</u>   | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|---------------------|-------------------------|---------------------------|
| STRIMLING<br>HUTTON | ONTP                    |                           |

1557 proposed to prohibit reimbursement of property taxes under the Business Equipment Tax Reimbursement (BETR) program if the taxes also are reimbursed under a tax increment financing district agreement for property first placed into service on or after April 1, 2007. This bill also proposed to limit BETR reimbursement to 90% of the assessed taxes and reduce the number of years property is eligible for reimbursement from 12 years to 10 years. The savings generated would be used to fund a new program created jointly by the Department of Economic and Community Development and the Department of Administrative and Financial Services, Maine Revenue Services to provide tax assistance to small businesses based on need.

This bill was carried over by H.P. 1203 from the First Special Session of the 122nd Legislature.

See also LD 1102, 1400, 1660 and 2056

**LD 1585**                      **An Act To Provide a Temporary Sales Tax Exemption for Prescription Drugs for Animals**                      **DIED ON ADJOURNMENT**

| <u>Sponsor(s)</u>   | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|---------------------|-------------------------|---------------------------|
| MCKENNEY<br>PERRY J | OTP-AM                  | H-440                     |

LD 1585 proposed to provide a sales tax exemption for sales of medicines for animals sold on a doctor's prescription before July 1, 2005, if sales tax had not been collected. If a person collected sales tax on the sale of medicines for animals prior to July 1, 2005, that person would be required to remit those taxes to the State Tax Assessor.

**Committee Amendment “A” (H-440)** proposed to incorporate a fiscal note.

This bill and its adopted amendment were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature and died on adjournment of the Second Regular Session.