

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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Members:

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Sen. Ethan Strimling
Sen. Jonathan T. E. Courtney*

*Rep. Richard G. Woodbury
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Rep. Leonard Earl Bierman
Rep. Bruce Q. Hanley*

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).

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 1587

An Act To Modernize Maine's Tax Code

ONTP

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

LD 1587 proposed the following components to reform Maine's tax structure.

Part A proposed to increase benefits under the Maine Residents Property Tax Program, the so-called "circuit breaker program," by changing the tax-to-income threshold to 100% of the benefit base that exceeds 5% of income; increasing the maximum rebate to \$5,000; increasing the renter rebate to 25%; and allowing persons to use the income tax form to file for a refundable credit.

Part B proposed to increase from 5.1% to 8.5% the percentage of sales and income tax revenues transferred to the Local Government Fund for revenue sharing.

Part C proposed to reform the income tax by increasing the personal exemption amount to equal the federal amount, increase the earned income credit and make it refundable and create a 10% income tax bracket for income of \$100,000 or more for single filers, \$150,000 or more for persons filing as heads of household and \$200,000 for persons filing married joint returns.

Part D proposed to include, in the services subject to the service provider tax, amusement and recreational, business, personal and professional services. The provision of those services would be subject to the 5% tax. Part D also proposed to eliminate the sales tax exemption for sales of short-term publications, limit the exemption on funeral services and repeal the exemption on coin-operated vending machine sales.

Part E proposed to increase the sales tax on lodging from 7% to 10%.

Part F proposed to reform the business equipment tax reimbursement (BETR) program by limiting state reimbursement to 70% of the taxes paid on eligible property reduced by the amount of tax reimbursement received for the property through a tax increment financing agreement.

Part G proposed to provide that, for property first placed in service in property tax years beginning after April 1, 2005, property used in, or in support of, the provision of a nonqualified service or a retail sales facility would not be eligible for BETR reimbursement.

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

See also LDs 1595 and 1605.