

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:

*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. Thomas R. Watson
Rep. Benjamin F. Dudley
Rep. Harold A. Clough
Rep. H. Stedman Seavey, Jr.
Rep. Earle L. McCormick
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 1594

An Act To Provide an Income Tax Exemption to Recent College Graduates Who Work in Maine To Help Them Pay College Loans

ONTP

<u>Sponsor(s)</u> STEDMAN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1594 proposed to establish the Graduate Retention Program, the purpose of which would be to encourage recent college or advanced degree program graduates to work in Maine. The program would be available to persons who are recent graduates of a postsecondary school, have outstanding education loans and promise to work for a Maine employer for at least 4 years. The program would allow eligible participants to have an amount withheld from their pay equal to or more than the standard withholding for Maine income taxes for a single individual. The amount withheld would be paid by the employer directly to the holder of the education loan and would be considered payment of Maine income taxes by the participant. Eligibility would be limited to 4 years.

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

LD 1595

An Act To Rebalance Maine's Tax Code

ONTP

<u>Sponsor(s)</u> WOODBURY PERRY J		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1595 proposed to make the following major changes to Maine's tax structure beginning January 1, 2006.

Part A proposed to change the existing graduated income tax program into a flat tax rate of 6% and repeal the alternative minimum tax.

Part B proposed to tie the standard deduction and personal exemption under the income tax to the same amount as the federal standard deduction and personal exemption and eliminate the so-called "marriage penalty."

Part C proposed to restore the income tax credit for child care expenses to 25% of the federal tax credit.

Part D proposed to increase the earned income tax credit to 25% of the federal earned income credit and make it refundable.

Part E proposed to conform the deductibility of health savings accounts and business expensing to federal law.

Part F proposed to increase the exemption for estates under the estate tax to the same amount as under federal law.

Part G proposed to amend the Maine Residents Property Tax Program, also known as the circuit breaker program, by raising the maximum benefit from \$2,000 to \$3,000 and increasing to \$5,000 the maximum property taxes and rent constituting property taxes that may be considered in calculating the benefit.

Part H proposed to repeal certain sales tax exemptions and expand the application of the sales and use tax.