

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)

*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*

**Staff:**

*Julie S. Jones, Senior Analyst*

*Office of Fiscal and Program Review  
5 State House Station  
Augusta, ME 04333  
(207)287-1635*



Maine State Legislature

OFFICE OF POLICY & LEGAL ANALYSIS

13 State House Station, Room 215 Cross State Office Building
Augusta, Maine 04333-0013
Telephone: (207) 287-1670
Fax: (207) 287-1275

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

**LD 1660**

### An Act To Reduce Income Taxes and Encourage Economic Growth in Maine

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY PERRY J		

LD 1660, a Governor's Bill, proposed the following changes to Maine income tax and the taxation of business personal property.

Part A proposed to increase the existing low-income tax credit threshold from \$2,000 to \$4,750. The increase in the threshold would apply to tax years beginning after 2004 and be funded through tax year 2009 by suspending the annual inflation adjustment to the dollar bracket amounts of the individual income tax schedules.

Part A also proposed to reduce individual income tax rates in 3 ways. First, it proposed to reduce the top marginal tax rate from 8.5% to 8.45% for tax years beginning with 2005. Second, for tax years 2006 to 2009, it proposed to use a portion of the revenue savings from the suspension of the annual inflation adjustment to permanently reduce the tax rates over the same period. The annual inflation adjustment would be reinstated for tax years beginning after 2009. Third, starting with tax years beginning in 2008, the rates would be further reduced 1% each year until the 2005 rates have been reduced by a total of 10% by virtue of this adjustment. This rate reduction would be applied prior to, and in addition to, the rate reduction funded from suspending the inflation adjustment. The rate reductions effected by Part A would be permanent. The individual alternative minimum tax rates would also be reduced to ensure that taxpayers do not become subject to the Maine alternative minimum tax solely as a result of the regular income tax rate reductions.

Part B proposed to establish a property tax exemption for property of qualified businesses that would be first subject to property tax assessment on or after April 1, 2007 in the absence of the exemption. Property first subject to property tax assessment prior to April 1, 2007 would remain eligible for the Business Equipment Tax Reimbursement, "BETR," program for the duration of the 12-year window for BETR program entitlement. Property that is no longer eligible for the BETR program because it has been subject to BETR reimbursement for the full 12-year period for BETR program entitlement would then be eligible for the business equipment property tax exemption.

Part B further proposed to establish the rate of reimbursement the State must pay to municipalities for property tax revenue lost as a result of the exemption. For the 2007 and 2008 property tax years, the rate of reimbursement would be 75% and for 2009 and subsequent property tax years, the rate of reimbursement would be 50%. Municipalities would be reimbursed 100% with respect to property that is no longer eligible for the BETR program because it has been subject to BETR reimbursement for the full 12-year period for BETR program entitlement.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.