

# 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 1647**

**An Act To Award Income Tax Credits for Boiler or Furnace  
Systems That Reduce or Eliminate Certain Pollutants**

**INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY PERRY J	OTP-AM	H-628

LD 1647 proposed to provide a credit against corporate income taxes to businesses that put into operation on or after June 1, 2005 a furnace or boiler system that burns organic material and eliminates nitrogen oxides without increasing other pollutants or reduces particulate emissions to a level that is 20% below standards established by the Department of Environmental Protection, Board of Environmental Protection. The credit would be equal to 1.5¢ per kilowatt-hour or its equivalent in heat energy produced by the furnace or boiler system. A business with an existing boiler or furnace system placed into operation prior to June 1, 2005 could qualify for the tax credit if it modified its boiler or furnace system to burn more cleanly, but only to the extent of the kilowatt-hours or equivalent heat energy attributable to the modification.

**Committee Amendment “A” (H-628)** proposed to extend the income tax credit to businesses that are not corporations, eliminate the transferability of credits, require certifications of eligible systems by the Department of Environmental Protection, clarify the application of the credit and repeal the credit after 5 years. The amendment also proposed to require the Department of Administrative and Financial Services, Bureau of Revenue Services to report annually on the use of the credit as part of its economic development incentive report.

This bill, and its adopted amendment, was 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.

This bill was removed from the Special Appropriations Table in the Second Regular Session and indefinitely postponed. The substance of this bill, as amended, was incorporated into the Supplemental Budget Bill as Public Law 2005, chapter 519, Part TTT, LD 1968, An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007.

**LD 1660**

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

**ONTP**

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

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.

## *Joint Standing Committee on Taxation*

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 from the First Special Session of the 122nd Legislature.

See also LDs 1102, 1400, 1557 and 2056.

<b>LD 1710</b>	<b>Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory</b>	<b>RESOLVE 135</b>
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<u>Sponsor(s)</u> WOODBURY PERRY J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-756
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LD 1710 proposed to authorize the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired by the State for nonpayment of property taxes.

**Committee Amendment “A” (H-756)** proposed to incorporate a fiscal note.

### *Enacted law summary*

Resolve 2005, chapter 135 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired by the State for nonpayment of property taxes.