

# 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*

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.

**LD 1710**

**Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory**

**RESOLVE 135**

|  |                                   |                                    |
|--|-----------------------------------|------------------------------------|
| <u>Sponsor(s)</u><br>WOODBURY<br>PERRY J | <u>Committee Report</u><br>OTP-AM | <u>Amendments Adopted</u><br>H-756 |
|--|-----------------------------------|------------------------------------|

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.