

# MAINE STATE LEGISLATURE

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*State Of Maine  
122nd Legislature*

*Second Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Taxation*

*July 2006*

**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*

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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
ONT P.....	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 1711**

**An Act To Make Minor Substantive Changes to the Tax Laws**

**PUBLIC 622**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY PERRY J	OTP-AM	H-974

LD 1711 proposed to make the following changes to the laws governing taxation.

It proposed to allow a fuel tax registration violation to be prosecuted in Kennebec County or in the county where the violation occurred.

It proposed to authorize the payment of fees imposed for recording a lien or lien discharge directly from the General Fund.

It proposed to the State Tax Assessor to establish procedures for payment of taxes by credit card and to contract with one or more entities for the purpose of accepting and processing credit card transactions.

It proposed to establish that sales of property or services purchased for resale, lease or rental in the ordinary course of business by the person making the sale are not casual sales.

It proposed to clarify that a sales and use tax exemption provided to a person based upon its charitable, nonprofit or other public purposes applies only if the property or service purchased is intended to be used by the person primarily in the activity identified by the particular exemption.

It proposed to clarify that a service provider tax exemption provided to a person based upon its charitable, nonprofit or other public purposes applies only if the service purchased is intended to be used by the person primarily in the activity identified by the particular exemption.

It proposed to allow a dyed fuel violation to be prosecuted in Kennebec County or in the county where the violation occurred.

It proposed to enact a definition of “value” in Maine estate tax law and repeals language elsewhere in the law that effectively defines “value.” The new definition would provide that the value of an estate or property included in an estate is the value determined by the State Tax Assessor in accordance with the Internal Revenue Code.

It proposed to permit the State Tax Assessor to allow a licensed cigarette distributor up to 30 days to pay for cigarette tax stamps if the distributor has posted a bond of 50% of the amount of the cigarette stamp purchases.

It proposed to allow bonus depreciation, Section 179 expense and net operating loss addition modifications claimed by a C corporation to be recaptured by individual shareholders of the corporation if it elects to be treated as an S corporation in a subsequent year.

It proposed to change the date for the annual report to the Legislature regarding the BETR/TIF overlap from January 15th to March 15th and requires BETR applicants to provide BETR/TIF overlap information to the State Tax Assessor.

## *Joint Standing Committee on Taxation*

It proposed to exclude from the Maine estate tax real and tangible personal property owned by a resident of the State that is not located in the State.

It proposed to provide that only a sale of personal property for value will qualify for an automatic estate tax lien release and to clarify the commencement and duration of the estate tax lien.

**Committee Amendment “A” (H-974)** proposed to add additional technical and minor substantive changes that reorganize parallel exemption provisions in the sales and use tax and the service provider tax for greater clarity, strike a section relating to casual sales and a section relating to estate tax liens, make changes relating to the estate tax to provide greater clarity and to reflect recent enactments, add a provision updating the property tax exemption for paraplegic veterans and amend application dates. The amendment also proposed to allow a taxpayer to qualify for the 80% employment tax increment financing benefit for employment inside a Pine Tree Development Zone even if it also claims a jobs and investment tax credit for qualified investment outside a Pine Tree Development Zone.

### *Enacted law summary*

Public Law 2005, chapter 622 is the annual bill submitted by the Department of Administrative and Financial Services to make minor substantive and technical changes to the laws governing taxation. Chapter 622 makes the following changes.

It allows a fuel tax registration violation to be prosecuted in Kennebec County or in the county where the violation occurred.

It authorizes the payment of fees imposed for recording a lien or lien discharge directly from the General Fund.

It authorizes the State Tax Assessor to establish procedures for payment of taxes by credit card and to contract with one or more entities for the purpose of accepting and processing credit card transactions.

It updates the property tax exemption for paraplegic veterans.

It reorganizes parallel exemption provisions in the sales and use tax and the service provider tax for greater clarity.

It clarifies that a sales and use tax exemption provided to a person based upon its charitable, nonprofit or other public purposes applies only if the property or service purchased is intended to be used by the person primarily in the activity identified by the particular exemption.

It clarifies that a service provider tax exemption provided to a person based upon its charitable, nonprofit or other public purposes applies only if the service purchased is intended to be used by the person primarily in the activity identified by the particular exemption.

It allows a dyed fuel violation to be prosecuted in Kennebec County or in the county where the violation occurred.

It enacts a definition of “value” in Maine estate tax law and repeals language elsewhere in the law that effectively defines “value.”

It permits the State Tax Assessor to allow a licensed cigarette distributor up to 30 days to pay for cigarette tax stamps if the distributor has posted a bond of 50% of the amount of the cigarette stamp purchases.

## *Joint Standing Committee on Taxation*

It allows bonus depreciation, Section 179 expense and net operating loss addition modifications claimed by a C corporation to be recaptured by individual shareholders of the corporation if it elects to be treated as an S corporation in a subsequent year.

It excludes from the Maine estate tax real and tangible personal property owned by a resident of the State that is not located in the State.

It allows a taxpayer to qualify for the 80% employment tax increment financing benefit for employment inside a Pine Tree Development Zone even if it also claims a jobs and investment tax credit for qualified investment outside a Pine Tree Development Zone.

**LD 1729**

**An Act To Promote College Savings Accounts**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DRISCOLL BARTLETT	ONTP	

LD 1729 was a concept draft pursuant to Joint Rule 208 that proposed to amend the law to provide a state income tax deduction for contributions to in-state and out-of-state qualified state tuition programs, or “529 college savings plans.”

The substance of this bill was incorporated into the Supplemental Budget Bill as Public Law 2005, chapter 519, Part LLL, 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 1739**

**RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Create a Property Tax Exemption for Lobster Traps**

**DIED BETWEEN  
BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ANDREWS	ONTP      MAJ OTP-AM      MIN	S-552

LD 1739 was a concept draft pursuant to Joint Rule 208 that proposed to clarify the law regarding the taxable status of lobster traps and eliminate the inconsistent treatment of lobster traps from municipality to municipality.

**Committee Amendment “A” (S-552)** proposed to amend the Constitution of Maine to establish a property tax exemption for lobster traps.

See also LDs 2052 and 2053.