

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Taxation*

July 2006

Staff:

Julie S. Jones, Senior Analyst

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

Members:

*Sen. Joseph C. Perry, Chair
Sen. Ethan Strimling
Sen. Jonathan T. E. Courtney*

*Rep. Richard G. Woodbury
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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).

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

It clarifies that the Pine Tree Development Zone tax credit cannot be carried forward indefinitely to offset future income in years beyond the Pine Tree Development Zone time period. This is the interpretation currently being applied administratively by the Bureau of Revenue Services.

It eliminates the solid waste reduction investment tax credit, which is no longer available.

It corrects the name of the state agency that certifies investments for the quality child care investment credit.

It clarifies that estates and trusts must file a Maine income tax return if they owe Maine income tax, even if their Maine taxable income is zero or less. This is the interpretation currently being applied administratively by the Bureau of Revenue Services.

It clarifies the definition of “income” for purposes of the Maine Residents Property Tax Program.

It clarifies the procedure for payment of claims under the Business Equipment Tax Reimbursement program.

It clarifies that Maine elective property owned by an estate of a nonresident is subject to Maine estate tax.

It authorizes the Maine Residents Property Tax Program to be referred to as “the Circuitbreaker Program.”

It corrects punctuation errors, standardizes archaic language and corrects cross-references.

LD 1761

An Act To Offer Financial Institutions an Option for Payment of the Maine Franchise Tax

PUBLIC 608

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY J	OTP-AM MAJ ONTP MIN	H-953 WOODBURY S-453

LD 1761 proposed an alternative tax calculation for purposes of the franchise tax for financial institutions by permitting a financial institution to choose either the current method based on Maine net income and Maine assets or the alternative method for calculating the franchise tax based on Maine assets only. The election would be irrevocable for that tax year. The bill would apply to tax years ending after December 31, 2005.

Committee Amendment “A” (S-453) proposed technical corrections to the bill.

House Amendment “A” to Committee Amendment “A” (H-953) proposed to change the application date of the bill to tax years beginning on or after January 1, 2006.

Enacted law summary

Public Law 2005, chapter 608 provides an alternative method of tax calculation for purposes of the franchise tax for financial institutions beginning with tax years beginning on or after January 1, 2006. A financial institution may elect either the current method of calculation based on Maine net income and Maine assets or the alternative method based on solely Maine assets. The election is irrevocable for the tax year for which it is chosen.