

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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Members:

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Sen. Ethan Strimling
Sen. Jonathan T. E. Courtney*

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Rep. Leonard Earl Bierman
Rep. Bruce Q. Hanley*

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

LD 2056

An Act To Replace Municipal Revenues Subject to Business Equipment Property Tax Exemption

PUBLIC 623

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BOWLES	OTP-AM MAJ	H-1078
MARTIN	ONTP MIN	

LD 2056 proposed to establish a property tax exemption for eligible business equipment that is first subject to property tax assessment on or after April 1, 2008 in the absence of the exemption. The bill proposed to require the State to reimburse municipalities for 50% of the lost property tax revenue associated with the exemption, as is required by the Constitution of Maine.

Property first subject to property tax assessment prior to April 1, 2008 would remain taxable and eligible for the Business Equipment Tax Reimbursement, "BETR," program for the duration of the 12 years of BETR program entitlement. Property no longer eligible for the BETR program because it has received BETR reimbursement for the full 12 years would become exempt and the State would be required to reimburse municipalities for 100% of the lost property tax revenue associated with this type of property, referred to as "BETR-expired property." Property that was placed in service on or before April 1, 1995 would remain fully taxable.

The bill also proposed to provide for additional state reimbursements to municipalities in which the taxable value of exempt business equipment, other than BETR-expired property, exceeds 10% of the entire taxable value in the municipality.

The bill also proposed to protect the expectations of municipalities with respect to the sheltering and revenues related to tax increment financing revenues to be used by municipalities on their own qualifying tax increment financing projects.

Committee Amendment "A" (H-1078) proposed to remove so-called "BETR-expired" property and certain retail property from eligibility for the new property tax exemption but to leave that property eligible for reimbursement to the taxpayer under the BETR program.

The generally applicable rate of reimbursement to municipalities for revenue losses from the new exemption would be changed to 100% in the first year of the exemption and would be reduced 10% each year until it reaches 50%. Municipalities with more than 5% of their valuation in exempt property could choose alternative reimbursement for property tax losses equal to 50% plus 1/2 of the percentage that business personal property represents of the total taxable value plus the exempt business personal property value in the municipality.

Reimbursement to taxpayers would be provided for property remaining in the BETR program after 12 years at the rate of 75% in the 13th year and decreasing 5% a year until it reaches 50%.

Additional funds would be provided for the Disproportionate Tax Burden Fund (Revenue Sharing II) beginning at \$2,000,000 in fiscal year 2009-10 and increasing \$500,000 each year until funding reaches \$4,000,000.

Reimbursements received by taxpayers under the BETR program for property first subject to assessment on or after April 1, 2008 and for property still qualifying for BETR after the first 12 years of reimbursement would be reduced

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by the amount of taxes reimbursed under a tax increment financing district to avoid a taxpayer's receiving reimbursement for more than 100% of property taxes paid.

See also LDs 1102, 1400, 1557 and 1660.

Enacted law summary

Public Law 2005, chapter 623 establishes a property tax exemption for eligible business equipment that is first subject to property tax assessment on or after April 1, 2008 in the absence of the exemption. Certain property located at a retail sales facility and used for a retail sales activity remains taxable but eligible for reimbursement under the business equipment tax reimbursement (BETR) program. Property currently in the BETR program will remain eligible after 12 years; however, reimbursement for property taxes paid will decline gradually to 50%. Property that was placed in service on or before April 1, 1995 remains fully taxable.

Public Law 2005, chapter 623 requires the State to reimburse municipalities for the lost property tax revenue associated with the exemption, as required by the Constitution of Maine. Reimbursement is for 100% of lost revenue in the first year the exemption is in effect and declines 10% per year until it reaches the constitutional minimum of 50% for the 2013 tax year. Municipalities with more than 5% of their valuation in exempt property may choose alternative reimbursement. Alternative reimbursement is 50% plus 1/2 of the percentage that business personal property represents of the total taxable value plus exempt business personal property value in the municipality.

Additional funds are provided for the Disproportionate Tax Burden Fund beginning at \$2,000,000 in fiscal year 2009-10 and increasing \$500,000 each year until funding reaches \$4,000,000.

Reimbursements received by taxpayers under the BETR program for property first subject to assessment on or after April 1, 2008 and for property still qualifying for BETR after the first 12 years of reimbursement are reduced by the amount of taxes reimbursed under a tax increment financing district to avoid a taxpayer's receiving reimbursement for more than 100% of property taxes paid.

LD 2073

**An Act To Bring Maine's Sales and Use Tax Law into Conformity
with the Streamlined Sales and Use Tax Agreement**

ONTP

Sponsor(s)

Committee Report

Amendments Adopted

ONTP

LD 2073 proposed changes to Maine's sales and use tax law in order to bring it into conformity with the Streamlined Sales Tax Agreement, a product of the Streamlined Sales Tax Project, which is an effort of state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration.