

MAINE STATE LEGISLATURE

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STATE OF MAINE
123RD LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123rd Maine Legislature coming from the

JOINT STANDING COMMITTEE ON TAXATION

July 2007

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STATE OF MAINE

123RD LEGISLATURE

FIRST REGULAR SESSION

LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS



This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 123rd Maine Legislature, which was in session from December 6, 2006 to June 21, 2007.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

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 (or Accepted ONTP report).....	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.....	Bill held by Governor
VETO SUSTAINED.....	Legislature failed to override Governor's Veto

Please note that the effective date for non-emergency legislation enacted in the First Regular Session is **September 20, 2007**. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

Joint Standing Committee on Taxation

LD 567 An Act To Expand Tax Incentives for Conservation Easements ONTP

<u>Sponsor(s)</u> NASS R	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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This bill establishes an income tax deduction for contributions of conservation easements that qualify for a federal charitable deduction. This deduction continues under state law even if the federal deduction expires, as currently scheduled, at the end of 2007.

LD 569 An Act To Reduce Maine's Income Tax Rates by 50 Percent ACCEPTED ONTP REPORT

<u>Sponsor(s)</u> SMITH D	<u>Committee Report</u> ONTP MAJ OTP-AM MIN	<u>Amendments Adopted</u>
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This bill reduces the individual and corporate income tax rates by 50% beginning in the 2007 tax year.

LD 570 An Act To Authorize a Local Option Sales Tax To Reduce Property Taxes ONTP

<u>Sponsor(s)</u> STRIMLING	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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This bill allows municipalities to impose a 1% local option sales tax by local referendum as long as at least 90% of the revenue collected is used to reduce the property tax.

LD 582 An Act To Create Fairness in Maine's Property Taxes ONTP

<u>Sponsor(s)</u> SIMPSON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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This bill requires municipalities to conduct a full revaluation of taxable property for property tax purposes every 9 years with real property updates every 3 years.

LD 600 An Act To Improve Revenue Sharing ONTP

<u>Sponsor(s)</u> PERRY J	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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This bill is a concept draft pursuant to Joint Rule 208.

Joint Standing Committee on Taxation

This bill proposes to repeal state-municipal revenue sharing. The total savings to the State would be used to fund an increase in the homestead property tax exemption to reduce property taxes on homestead residential property.

LD 610 An Act To Reform the Taxation of Malt Liquor and Wine

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS P		

This bill taxes beer, wine and sparkling wine at the uniform rate of 12¢ per ounce of pure alcohol that each contains. The tax is broken down as 10¢ for the excise tax to the General Fund and 2¢ as the premium tax for the prevention fund. It is estimated that these changes will double revenue to the General Fund and increase slightly the prevention fund from the alcohol premium tax.

This bill was indefinitely postponed without reference to Committee.

LD 623 An Act To Change the Standard State Tax Deduction for Married People Filing Jointly to \$10,000

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLOOD MCCORMICK	ONTP	

This bill conforms the standard deduction under the state income tax to the federal standard deduction beginning with the 2007 tax year.

LD 624 An Act To Increase the Maine Resident Homestead Property Tax Exemption Amount to \$25,000

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SIROIS NUTTING J	ONTP	

This bill increases the Maine resident homestead property tax exemption from \$13,000 to \$25,000.

LD 639 An Act To Clarify the Application of the Real Estate Transfer Tax in Regards to Section 1031 Exchanges

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CRESSEY DOW	ONTP	

This bill clarifies that the real estate transfer tax applies to the transfer of real property to a qualified intermediary pursuant to Section 1031 of the Internal Revenue Code and does not apply to the transfer of real property from a qualified intermediary.