

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

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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

property has been owned by the owner or the owner's immediate family, the size of the property, whether the property has seasonal or year-round use and utilities and its valuation;

5. Tax relief for a commercial property is determined based upon criteria such as how long the property has been owned by the owner or owner's immediate family, how long the business has been operated in the same manner, the size of the property and the nature of the ownership such as sole proprietorship, closely held corporation, foreign corporation or franchise;

6. Tax relief is provided based upon an owner's pledge to retain ownership of a primary or secondary residence or not to allow a change of use of a commercial property for at least 5 years, which may be renewed in 5-year intervals;

7. Tax relief is determined by basing the property's value on a look-back period of 5 years preceding the property's admission into the program and beginning the valuation at 100% using the state-certified ratio for that year and adjusting the value based upon the criteria for that class of property; and

8. The penalty for withdrawing from the program before the end of the 5-year period is 10% of the capital gains incurred by the transfer of the residential property or change of use of the commercial property.

LD 787 RESOLUTION, Proposing an Amendment to the Constitution of Maine ONTP
To Change the Assessment of Lands Used for Long-term Ownership

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

This constitutional resolution amends the Constitution of Maine to provide the Legislature the authority to allow a municipality to reduce property taxes on real property if the owner agrees to retain ownership of the property within the owner's immediate family for a period of not less than 5 years.

LD 788 An Act To Dedicate 20 Percent of the Sales Tax on Motor Vehicles to the CARRIED OVER
Highway Fund

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

This bill dedicates 20% of the revenue collected from the sales tax imposed on motor vehicles to the General Highway Fund. The current sales tax on motor vehicles is 5%. This bill maintains that rate but dedicates 20% of the revenue from the sales tax imposed on motor vehicles, which is equivalent to 1% of the taxable sales that are subject to the 5% tax.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 789 Resolve, Directing the Bureau of Revenue Services To Convene a Study RESOLVE 107
Group on the Motor Vehicle Excise Tax

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SIROIS	OTP-AM	H-524

Joint Standing Committee on Taxation

This bill decreases the excise tax imposed on motor vehicles for the first year from 24 mills to 20 mills and for the 2nd year from 17 1/2 mills to 16 1/2 mills.

Committee Amendment "A" (H-524)

This amendment replaces the bill with a resolve and directs the Department of Administrative and Financial Services, Bureau of Revenue Services to convene a study group on the motor vehicle excise tax and report to the Joint Standing Committee on Taxation by January 15, 2008.

Enacted Law Summary

Resolve 2007, chapter 107 directs the Department of Administrative and Financial Services, Bureau of Revenue Services to convene a study group on the motor vehicle excise tax and report to the Joint Standing Committee on Taxation by January 15, 2008.

LD 802 An Act To Ensure the Income Tax for Pensions Is Applied Fairly by ONTP
Eliminating Reductions of Social Security and Railroad Benefits

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

This bill eliminates the reduction for social security and railroad benefits in the calculation of the income tax deduction for pension income.

This bill also eliminates references to "military retirement plan" because benefits received under such a plan are no longer an exception to the allowed reduction.

LD 811 An Act To Exempt Dietary Supplements from the Sales Tax ONTP

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

This bill exempts dietary supplements, as defined, from sales tax. The definition for dietary supplements is the same as in the federal Dietary Supplement Health and Education Act of 1994.

**LD 816 An Act To Improve the Historic Preservation Tax Credit DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARRACHE	OTP-AM	S-115

Current law provides a refundable tax credit of up to \$500,000 per year to a national historic landmark developer, which is defined as a person that owns 2 or more structures located in the Kennebec Arsenal District National Historic Landmark.

This bill provides a refundable tax credit of up to \$1,500,000 per year to a local historic landmark developer, which is defined as a person who owns or has entered into a contract to purchase 2 or more buildings that are listed on the