

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 849 An Act To Amend the Laws Governing Eligibility for the Maine Residents Property Tax Program

ACCEPTED ONTP REPORT

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

This bill amends the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, by including homesteads occupied by claimants that are qualified personal residence trusts or personal residence trusts. A qualified personal residence trust, or "QPERT," is a trust the governing instrument of which prohibits the trust from holding, for the original duration of the term interest, any asset other than one residence to be used or held for use as a personal residence of the term holder and qualified proceeds. A residence is held for use as a personal residence of the term holder as long as the residence is not occupied by any other person, other than the spouse or a dependent of the term holder, and is available at all times for use by the term holder as a personal residence.

LD 850 An Act To Reduce Taxes

ONTP

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

This bill provides a framework for comprehensive income and sales tax reform.

Part A reduces the top rate of the individual income tax from 8.5% to 8.25% for all filing statuses.

Part B increases the earned income credit from 5% of the federal credit to 25% and makes it refundable.

Part C makes the standard deduction under the income tax the same as at the federal level, starting in 2007.

Part D makes the personal exemption under the income tax the same as at the federal level, starting in 2007.

Part E restores conformity with federal law with regard to the deduction of business expenses under Section 179 of the United States Internal Revenue Code.

Part F repeals sales tax exemptions for packaging materials, sales by schools and school-sponsored organizations, ships' stores, railroad track materials and snacks and repeals special treatment of vending machine sales. Part F extends the sales tax to certain long-term rentals, consumer interstate telephone calls, amusement and recreational services, personal property services, personal services, real property services, lawn and landscaping services and taxi and limousine services. Part F also extends the service provider tax to telephone directory advertising, rental and leases of all tangible personal property and motor vehicle parking.

Part G increases the sales tax on short-term auto rentals from 10% to 15%. It increases the sales tax on lodging and prepared food and liquor at licensed establishments from 7% to 8% and provides that the additional revenue from the increase in the tax on meals and lodging is transferred to the Maine Quality Places Fund, which is established to promote conservation of quality places, outdoor recreation and high-quality tourism. Part G also provides that 0.5% of the revenue from the sales tax is transferred to the Outdoor Fund, which is established to support activities of the Department of Conservation and the Department of Inland Fisheries and Wildlife. The

Joint Standing Committee on Taxation

transfer to the Outdoor Fund equals approximately the amount of sales tax revenue attributable to recreational and sporting equipment, including guns.

Part H establishes an excise tax on soft drinks equal to \$4 per gallon of syrup and 42¢ per gallon of bottled soft drinks.

Part I changes the rate structure for the real estate transfer tax to provide that a transferor and a transferee of property must each pay a transfer tax starting at \$1 per \$1,000 of value of the property for property valued at less than \$100,000, increasing to \$7 per \$1,000 of value for real estate with a value of \$1,000,000 or more. The revenue from the portion of the tax received to the State and attributable to transfers by deed tax is credited 65% to the General Fund and 35% to the Housing Opportunities for Maine Fund.

Part J increases the low-income tax credit from \$2,000 to \$4,000.

Part K increase the maximum benefit under the Maine Residents Property Tax Program from \$2,000 to \$3000.

Part L requires the State to reimburse municipalities for 100% of taxes lost by reason of the homestead property tax exemption.

Part M provides that a lien for unpaid property taxes may not be foreclosed against the homestead of a person who is at least 65 years of age and has lived in the homestead for at least 10 years until the property is transferred by deed or upon death. Liens would continue in effect and would accrue interest until the lien is satisfied.

**LD 872 An Act To Exempt Military Pensions and Survivors' Benefit Payments
from State Income Tax**

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LANSLEY	OTP-AM A OTP-AM B ONTP C	H-555

This bill exempts from the state income tax all military pension and survivors' benefits for military personnel received as a result of service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard.

Committee Amendment "A" (H-555)

This amendment amends the appropriations and allocations section for administrative costs.

This bill was placed on the Special Appropriations Table and died on adjournment.

**LD 877 An Act Regarding the Homestead Exemption as It Applies to Certain
Housing Cooperatives**

ONTP

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

This bill treats the State's 50% reimbursement to municipalities for taxes lost by reason of the homestead exemption as property tax for purposes of tax increment financing district credit enhancement reimbursements.