

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

with jurisdiction over affordable housing matters.

LD 937 An Act To Exempt Qualifying Snowmobile Trail Grooming Equipment from State Sales Tax

PUBLIC 429

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| CLARK | OTP-AM | H-283 S-353 ROTUNDO |

This bill exempts from sales and use tax snowmobiles and snowmobile trail grooming equipment purchased by an entity that is eligible for partial reimbursement of that purchase from a capital equipment grants program administered by the Department of Conservation, Bureau of Parks and Lands.

Committee Amendment "A" (H-283)

This amendment removes the provision referencing a capital equipment grants program administered by the Department of Conservation, Bureau of Parks and Lands and limits the sales and use tax exemption to equipment used by nonprofit snowmobile clubs directly and exclusively for the grooming of snowmobile trails.

Senate Amendment "A" (S-353)

This amendment requires that at the end of each fiscal year the State Controller shall transfer from the Snowmobile Trail Fund to the unappropriated surplus of the General Fund an amount equal to the tax exemption for certain trail grooming equipment.

Enacted Law Summary

Public Law 2007, chapter 429 provides a sales and use tax exemption to equipment used by nonprofit snowmobile clubs directly and exclusively for the grooming of snowmobile trails and requires that at the end of each fiscal year the State Controller shall transfer from the Snowmobile Trail Fund to the unappropriated surplus of the General Fund an amount equal to the tax exemption for certain trail grooming equipment.

LD 945 An Act To Require the State's Share of Local Aid to Education To Be Used for Property Tax Relief

ONTP

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| TURNER | ONTP | |

This bill proposes that, beginning with fiscal year 2007-08, 90% of the growth in the State's share of local aid to education must be used to reduce the municipal property tax. The bill also provides that spending limits for local school administrative units may only be exceeded by a voter referendum called by petition of at least 10% of the number of voters at the last election for Governor.

LD 948 An Act To Provide Relief to Maine Residents from Postsecondary Tuition Costs

ONTP

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| DAMON | ONTP | |

This bill establishes a program to provide an income tax credit to reimburse Maine residents for student loan payments when they earn a degree in the State and then live, work and pay taxes in the State thereafter. Any

Joint Standing Committee on Taxation

Maine resident who earns a degree from any accredited Maine college, including community colleges, private colleges and all university campuses, may take advantage of the credit. Alternatively, an employer may make student loan payments for an employee and claim the credit. The State Board of Education is required to adopt a contract for eligible students.

See also LDs 53, 298, 368, 1815 and 1856.

LD 952 An Act To Reduce the Income Tax

CARRIED OVER

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| COURTNEY | | S-281 |

This bill specifies how the Tax Relief Fund for Maine Residents is to be used to provide tax relief. It requires the State Tax Assessor to annually adjust the income tax rates and nontaxable income amount using funds in the Tax Relief Fund for Maine Residents. The bill specifies that 50% of the revenue is to be used to decrease individual income tax rates and 50% is to be used to increase the earned income tax credit. The new rates and credit would be applicable for the immediately succeeding tax year only. If insufficient funds exist to decrease the tax rates by at least one quarter of a percentage point each and increase the earned income tax credit by 5 percentage points, then the assessor is prohibited from making any adjustment for that year.

Committee Amendment "A" (S-281)

This amendment replaces the bill and requires the transfer to the Tax Relief Fund for Maine Residents, beginning in fiscal year 2009-10, of 15% of the growth in income tax revenues over the previous year. The joint standing committee of the Legislature having jurisdiction over taxation matters is authorized to submit legislation to provide income tax relief using money available in the fund.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 954 An Act To Reduce the Sales Tax on Business Energy

**ACCEPTED ONTP
REPORT**

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

This bill reduces to 2.5% the rate of sales tax imposed on electricity and fuel sold to a business.

LD 961 An Act To Authorize an Alternative Calculation of the Property Growth Factor for Industrial Municipalities

CARRIED OVER

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| THERIAULT | | |

This bill provides an alternative method for municipalities with significant amounts of personal property in their tax base to calculate their property growth factor for the purposes of determining their property tax levy limit