

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

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

Joint Standing Committee on Taxation

under the system in Public Law 2005, chapter 2, also known as "LD 1." Specifically, this bill allows municipalities with personal property growth exceeding 5% to calculate the property growth factor either on the basis of the previous year's data or the average of the 2 previous years' data in order to address the potential year-to-year volatility in property growth.

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

LD 962 An Act To Reform and Lower Maine Taxes

ONTP

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

This bill implements tax reform in the following areas.

PART A allows persons eligible for benefits under the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, to file for a refundable credit using the individual income tax form.

PART B increases the threshold a municipality must meet in order to qualify for so-called "revenue sharing 2" funds from 10 mills to 15 mills over a 5-year period.

PART C decreases the top rate income tax from 8.5% to 7.5%, conforms the personal exemption to the federal personal exemption and increases the earned income tax credit from 5% to 20% over a 5-year period and makes it refundable.

PART D expands the ability of a municipality to impose service charges on certain tax-exempt properties located in that municipality in the following ways.

PART E expands the definition of "taxable service" for purposes of the imposition of sales tax to include amusement, recreational and personal services and consumer purchases of transportation services and professional, club or fraternal memberships. It eliminates certain sales tax exemptions and increases the so-called "lodging tax" from 7% to 10% and the tax on prepared meals from 7% to 8%.

LD 1001 An Act To Eliminate the Property Tax on Business Equipment Owned by Small Retailers

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COURTNEY		S-321

This bill extends the business equipment property tax exemption to eligible property located at a retail sales facility with interior customer selling space that is smaller than 20,000 square feet.

Committee Amendment "A" (S-321)

This amendment adds an effective date of July 1, 2009 to the bill.

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.