

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 1002 An Act To Improve Access to and Awareness of the Circuitbreaker Program

ONTP

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

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to enact measures to increase access to and awareness of the Maine Residents Property Tax Program, also known as the Circuitbreaker Program.

LD 1003 An Act To Amend the Tax Credit for Biofuel Production

PUBLIC 426

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRYANT B	OTP-AM	S-182

This bill extends from 5 to 10 the number of taxable years a person may be entitled to the tax credit of 5¢ per gallon on income derived from the production of biofuel.

Committee Amendment "A" (S-182)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2007, chapter 426 extends from 5 to 10 the number of taxable years a person may be entitled to the tax credit of 5¢ per gallon on income derived from the production of biofuel.

LD 1005 An Act To Amend the Tax Laws Concerning Certain Motor Vehicle Dealership Transactions

PUBLIC 410

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY J	OTP-AM	S-233

This bill amends the laws regarding the taxability of certain motor vehicle dealership transactions by:

1. Excluding from the definition of "retail sale" the sale of motor vehicles required by a franchise agreement to be used by service customers of the new car dealer;
2. Exempting from the sales and use tax the use of a loaner vehicle by a service customer of a new car dealer pursuant to a manufacturer's or dealer's warranty. Loaner vehicles that are provided to a service customer but not pursuant to a warranty are taxed at the same rate as a short-term automobile rental, 10% ; and
3. Specifying that dealers can sell vehicles under certain circumstances on a tax-exempt basis as long as the vehicle is removed from the State immediately and for more than one year.

Committee Amendment "A" (S-233)

This amendment:

Joint Standing Committee on Taxation

1. Revises the sales tax methodology on extended service contracts on automobiles; rather than through the current formula, which subjects parts and a percentage of the deductible on all such contracts to sales tax at the time service is provided, the tax will be assessed at the time of the sale.
2. Removes the change made by the bill that removed the distinction between domestic and foreign limited liability companies in the definition of "nonresident" for purposes of the exemption; and
3. Adds a retroactive application section exempting amounts charged or collected on loaner vehicles after November 1, 2002 unless the tax was paid and the person paying did not appeal that payment.

Enacted Law Summary

Public Law 2007, chapter 410 amends the laws regarding the taxability of certain motor vehicle dealership transactions by:

1. Excluding from the definition of "retail sale" the sale of motor vehicles required by a franchise agreement to be used by service customers of the new car dealer;
2. Exempting from the sales and use tax the use of a loaner vehicle by a service customer of a new car dealer pursuant to a manufacturer's or dealer's warranty. Loaner vehicles that are provided to a service customer but not pursuant to a warranty are taxed at the same rate as a short-term automobile rental, 10% ;
3. Exempting from sales and use tax the sale of vehicles under certain circumstances to a qualifying resident business if the vehicle is removed from the State immediately and for more than one year; and
4. Revises the sales tax methodology on extended service contracts on automobiles; rather than through the current formula, which subjects parts and a percentage of the deductible on all such contracts to sales tax at the time service is provided, the tax will be assessed at the time of the sale.

Provisions exempting amounts charged or collected on loaner vehicles apply retroactively to November 1, 2002 unless the tax was paid and the person paying did not appeal that payment.

LD 1006 An Act To Ensure Fairness for Maine Businesses

PUBLIC 328

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WESTON	OTP-AM MAJ ONTP MIN	S-260

This bill requires a person selling supplies, services, materials and equipment to the State to register with the State Tax Assessor as a seller and collect and remit sales tax as a condition of doing business with the State. The State is prohibited from doing business with an entity that fails to comply with this requirement.

Committee Amendment "A" (S-260)

This amendment limits the scope of the bill to purchases of \$100,000 or more. It authorizes the State Purchasing Agent to withhold payments for noncompliance with the requirement to register with the Department of Administrative and Financial Services, Bureau of Revenue Services and collect, report and remit taxes. It also provides for the disclosure by the Department of Administrative and Financial Services, Bureau of Revenue Services to the State Purchasing Agent of the person's sales tax standing.