

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature coming from the

**JOINT STANDING COMMITTEE ON TAXATION**

July 2007

**STAFF:**

JULIE S. JONES, SENIOR ANALYST  
ALEXANDRA AVORE, LEGISLATIVE ANALYST  
OFFICE OF FISCAL AND PROGRAM REVIEW  
5 STATE HOUSE STATION  
AUGUSTA, ME 04333  
(207)287-1635

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# STATE OF MAINE

123<sup>RD</sup> 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 123<sup>rd</sup> 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*

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.

# Joint Standing Committee on Taxation

## Enacted Law Summary

Public Law 2007, chapter 328 prohibits the State from purchasing \$100,000 or more in personal property from a seller who is not registered as a retailer under the sales tax and who does not collect and remit sales tax. The State Purchasing Agent is authorized 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. This law also provides for the disclosure by the Department of Administrative and Financial Services, Bureau of Revenue Services to the State Purchasing Agent of a person's sales tax standing.

### LD 1010 An Act To Ensure That Military Services Members Receive Deferment of Their Property Tax Obligations

ONTP

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

This bill provides that a municipality may not impose any interest, penalties or enforcement action against military service members who owe property tax except to the extent permitted under the federal Servicemembers Civil Relief Act of 2003, which prohibits a state or local government from taking property of a service member for nonpayment of property taxes and provides for a maximum of 6% interest on unpaid tax obligations.

### LD 1052 An Act To Extend Eligibility for the Trade-in Credit to All Trailers

PUBLIC 375

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROWNE SAVAGE C	OTP-AM	H-497

This bill extends the eligibility for the sales tax trade-in credit to all trailers.

#### Committee Amendment "A" (H-497)

This amendment defines "trailer" and also subjects the casual sale of all trailers to the sales and use tax. The amendment extends the eligibility for the trade-in credit to all trailers, as in the bill.

## Enacted Law Summary

Public Law 2007, 375 extends eligibility for the sales tax trade-in credit to all trailers and subjects the casual sale of all trailers to the sales and use tax.

### LD 1062 An Act To Provide Tax-exempt Status to Service Dog Trainers

ONTP

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

This bill provides a sales tax exemption for purchases made by a nonprofit organization that trains service dogs used to assist persons with disabilities.