

# 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

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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*

**LD 1145    An Act To Impose a Real Estate Transfer Tax Based on the Value of the Property**

**ONTP**

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

This bill changes the rate of the real estate transfer tax imposed on the buyer and seller of real property and the manner of imposition. The buyer of property is charged a flat tax of \$2 per \$1,000 of value of the property being purchased. The seller of the property is charged a tax rate dependent on the value of the property being sold, starting at \$2 per \$1,000 of value of the property for property valued at less than \$300,000, increased for every \$100,000 in property value by \$1 per \$1,000 of the value of the property being sold. A maximum tax rate of 1% of the value of the property being sold is reached for property valued at \$1,000,000 or more.

Ten percent of the revenue from the tax is credited to the county where the tax was collected, 45% to the Maine State Housing Authority and 45% to the so-called circuit breaker reserve to fund the Maine Residents Property Tax Program.

**LD 1155    An Act To Include Fuel Economy when Calculating the Excise Tax on Motor Vehicles**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BABBIDGE NASS R		

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

This bill proposes to amend the method of determining the rate of the excise tax imposed on motor vehicles to take into consideration the fuel economy of the vehicle. The manufacturer's suggested retail price, or "MSRP," would still be used to determine a portion of the tax but the remaining portion of the tax would be assessed according to a sliding scale based upon the median average miles per gallon of the vehicle, using the range posted for city and highway mileage, which, like the price, would be taken from the manufacturer's sticker. The new system would begin on January 1, 2008 and would be phased in over a 6-year period.

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

**LD 1167    An Act To Permit a Local Option Sales Tax in Towns Adjacent to a National Park**

**INDEF PP**

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

This bill allows a town located close to a national park, such as Bar Harbor, to impose a 2% local option sales and use tax. Revenue from the tax, after the deduction of administrative costs, must be used to reduce the property tax rate. If, despite the use of all the revenue generated by the local option sales and use tax, the property tax rate, after adjustment for inflation, cannot be decreased below a level that is less than 1% higher than the previous year's property tax rate, then this bill requires a 2/3 vote of the governing body of the town to pass the budget containing the higher tax rate.

## Joint Standing Committee on Taxation

This bill was indefinitely postponed without reference to committee.

### LD 1169 An Act Relating to Uncollectible Cigarette and Tobacco Taxes

DIED ON  
ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL	OTP-AM	S-183

This bill provides a mechanism for distributors of tobacco products and cigarettes who pay the cigarette tax up front to receive a credit for the tax paid by them on products for which the distributor is not paid and the distributor has been unable to reclaim.

#### Committee Amendment "A" (S-183)

This amendment clarifies that the methods used to charge off uncollectible debt conform to generally accepted accounting principles. It also establishes the distributor's discounted rate as the basis for the credit.

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

### LD 1181 An Act To Reclassify Certain Tobacco Products

ONTP

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

This bill clarifies the laws with respect to cigarettes and cigars, for tax and other purposes. The bill reclassifies certain tobacco products such as little cigars, which are, in content, design, size and shape, substantially similar to traditional cigarettes. The bill also directs the State Tax Assessor to adopt rules to carry out the provision of the Maine Revised Statutes, Title 36, section 4382-A, which is enacted in the bill.

### LD 1182 An Act To Enable the Creation of Tax Increment Financing Districts for Arts Districts

PUBLIC 413

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ADAMS	OTP-AM	H-534

This bill amends the tax increment financing laws to permit their application to the development of municipal arts districts.

#### Committee Amendment "A" (H-534)

This amendment incorporates a fiscal note.

#### Enacted Law Summary

Public Law 2007, chapter 413 amends the tax increment financing laws to permit their application to the development of municipal arts districts.