

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 1483 An Act To Exempt a Portion of Rental Income from Taxation ONTP

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

This bill exempts from income tax up to \$2,000 in income from the rental of secondary property. This exemption does not apply to a person who rents out more than one property during the calendar year.

LD 1484 An Act To Fund Community Health Centers ACCEPTED ONTP REPORT

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

This bill establishes the Tobacco Tax Fund for Community Health by dedicating 1% of the cigarette tax to help community health centers in this State.

LD 1485 An Act Relating to Automotive Core Parts ONTP

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

This bill provides that core vehicle parts are taxed under the sales and use tax laws based on the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade, except for transactions between dealers involving exchange of the property from inventory. Core vehicle parts are those components that when replaced are returned to the manufacturer to be rebuilt to original specifications and then used again.

LD 1486 An Act To Clarify the Property Tax Exemption for Family Burial Grounds ONTP

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

This bill exempts family burying grounds of 1/4 of an acre or less from property taxation.

LD 1494 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Reform Property Taxes by Limiting Increases ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO	ONTP	

Joint Standing Committee on Taxation

This resolution proposes to amend the Constitution of Maine to establish the base property value for real property as the just value of the property as of April 1, 2008. Increases in the value of real property are limited to the just value of any improvements or degradations to the property and the lower of the rate of inflation and the actual increase in value of the real property, unless there is a change of ownership. If there is a change of ownership, the value of the property may be changed to the higher of the actual purchase price and the just value of the property on the April 1st preceding the change in ownership.

LD 1504 An Act To Make Minor Substantive Changes to the Tax Laws

PUBLIC 437

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI	OTP-AM	H-550 S-307 PERRY J

This bill makes the following changes to the laws governing taxation.

It amends the definition of "annual growth ceiling," which is used for purposes of state-municipal revenue sharing to determine the amount, if any, that must be transferred to the Disproportionate Tax Burden Fund, to correct the omission of this change when various taxable services were removed from the sales tax and placed in a newly created service provider tax.

It authorizes the State Tax Assessor to seek an injunction against a person who refuses to register, to file returns or to pay taxes under the service provider tax law as provided in the Maine Revised Statutes, Title 36, chapter 358.

It enacts penalties for failure to file an information return under the income tax law by partnerships and S corporations, if the partnership or S corporation has received a formal demand that the return be filed, and for filing substantially excessive refund claims under the fuel tax laws.

It expands the circumstances under which a person may be required to file a tax return electronically and make tax payments by electronic funds transfer, using a phased-in approach.

It expands and clarifies the eligibility of paraplegic veterans of certain war periods for a property tax exemption, making the eligibility periods of this exemption the same as those of the general veterans exemption.

It amends the definition of "eligible business equipment" by adding a reference to existing limitations.

It clarifies that a taxpayer who fails to timely file a report identifying the property that is claimed to be exempt may not obtain an exemption for that tax year for that property under the business equipment tax exemption laws, Title 36, chapter 105, subchapter 4-C.

It clarifies that bulk sales of inventory being held for sale or lease in the ordinary course of business are not casual sales.

It amends the definition of "retail sale" to clarify that sales of tangible personal property to a person who is not engaged in the business of selling that kind of property are not exempt sales for resale, even if the property is in fact subsequently resold through a 3rd-party retailer.

It provides authority for the State Tax Assessor to issue an assessment against an exempt organization that has authorized inappropriate use of its exemption.