

# 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

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## 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 1631 An Act To Cut Taxes for Working-income Mainers

ONTP

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

Part A exempts certain motor vehicles from the excise tax in the 6th and succeeding model years based on the manufacturer's estimated highway mileage.

Part B increases the lodging tax by 3% to 10%, the tax on liquor sold by the glass by 7% to 14% and the tax on certain automobile rentals by 5% to 15%.

Part C increases the low-income tax credit under the income tax by increasing the threshold of taxable income below which no taxes are due from \$2,000 to \$4,000 for single individuals and married persons filing separately, \$6,000 for persons filing as heads of households and \$8,000 for persons filing married joint returns.

Part D conforms the standard deduction under the income tax to the federal standard deduction beginning with the 2007 tax year, thereby eliminating the marriage penalty.

Part E conforms the personal exemption under the income tax to the same amount as the federal personal exemption.

Part F lowers the top income tax rate from 8.5% to 8.25% for the 2007 tax year.

Part G increases the maximum benefit under the Maine Residents Property Tax Program from \$2,000 to \$3,000 and increases to \$6,000 the maximum amount of property tax that may be used to calculate benefits.

Part H expands the tax base under the sales tax by repealing sales tax exemptions for packaging materials, ships' stores, certain vending machine sales, railroad track materials and certain short-term rentals and by extending the sales tax to amusements, personal services, personal property services, real property services, lawn and landscaping services, taxi, limousine and same-day courier services, telephone directory advertising and safe deposit box rental. This Part also reinstates the sales tax on snack foods and extends the service provider tax to basic cable and satellite television and radio service.

Part I increases the excise tax on malt liquor produced by small manufacturers from 25¢ per gallon to 60¢ per gallon, the excise tax on malt liquor produced by other manufacturers from 25¢ to 85¢ per gallon, on wine from 30¢ per gallon to \$1 per gallon and on hard cider from 25¢ per gallon to \$1 per gallon.

Part J establishes a tax on the distribution, manufacture and wholesale of soft drinks and soft drink products.

Part K changes the rate structure for the real estate transfer tax to provide that a transferor of the property must pay a transfer tax starting at \$1 per \$1,000 of value of the property for property valued at less than \$100,000, increasing to \$7 per \$1,000 of value for real estate with a value exceeding \$1,000,000. The revenue from the portion of the tax received by the State and attributable to transfers by deed tax is credited 65% to the General Fund and 35% to the Housing Opportunities for Maine Fund.

Part L provides General Fund appropriations to reimburse municipalities for the revenue loss associated with the change in motor vehicle excise taxes.