

# 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*

53. It prohibits the return of partial rolls of cigarette stamps for credit unless the person is ceasing business as a distributor. This is longstanding bureau policy. It also repeals unnecessary language regarding the payment of refunds.
54. It deletes the obsolete term "dealer" from the cigarette tax law and clarifies certain record-keeping requirements.
55. It clarifies that the personal use exception applies to importation of tobacco products other than cigars and that any quantity of untaxed tobacco products imported into the State is subject to tax.
56. It repeals the law requiring certain fiduciaries to notify the State Tax Assessor of their appointment. This requirement has not been enforced for many years.
57. It clarifies that a taxpayer's estimated tax liability includes all taxes due under the income tax law except withholding tax.
58. It clarifies that a person who fails to withhold tax as required is not relieved from liability for penalties for failure to file returns and pay withholding tax. This is the bureau's longstanding position.
59. It consolidates 2 closely related provisions relating to overpayments of withholding tax by employers and pass-through entities into a single subsection and eliminates a superfluous authorization for rulemaking that has never been implemented.
60. It clarifies the determination of the period during which a claimant under the Circuitbreaker Program must have been domiciled in Maine.
61. It clarifies the definition of "elderly household" for purposes of the Circuitbreaker Program. The new language is consistent with the way the statute has been administratively interpreted by the bureau.
62. It restructures for clarity the definition of "income" in the Circuitbreaker Program law, but does not change the way in which income is determined for purposes of the program.
63. It makes technical changes to the business equipment tax reimbursement law. It also corrects a conflict created by Public Law 2005, chapters 618 and 623, which affected the same provision of law, by incorporating changes made by both laws.
64. It eliminates the requirement for an annual revenue enhancement and amnesty report to the Legislature by the bureau.
65. It corrects several grammatical errors and replaces archaic, redundant and gender-specific language.

**LD 1756**

### **An Act To Make Real Estate Taxation Stable, Equitable and Predictable**

**ONTP**

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

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

This bill proposes to amend the property tax laws in the following ways:

## *Joint Standing Committee on Taxation*

1. Cap yearly increases in municipal spending to a percentage based upon the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics;
2. Limit tax-exempt property to 10% of the area of a municipality;
3. Assess equally the square footage of all land in a municipality in the same land use zone, with exceptions for land with a higher social value, such as waterfront, farmland, forest land, open space, interstate access roads and railroad land, which would receive no or a reduced tax rate or the owners of that land would receive a tax credit;
4. Assess equally the square footage of all buildings in the same land use zone in a municipality and with access to the same utilities, for example, public water and sewer;
5. If there is a budget shortfall for a fiscal year, allow a municipality to assess a budget gap adjustment that would cover the shortfall as a percentage of the combined property values in sections 3 and 4 to be applied equally among all property owners in the municipality;
6. Implement a homestead exemption program for certain property owners in disadvantaged circumstances, such as property owners who are low-income or 65 years of age or older or who have a physical disability; and
7. Enhance municipal revenues based upon the fair market value of the property by a special assessment of a percentage of the capital gains incurred when a property changes ownership or is otherwise transferred; an increase in value when a change in property status occurs, such as the property's zoning, use, impact or connection to a utility; or an increase in value resulting from tax increment financing or infrastructure improvements.

**LD 1770      RESOLUTION, Proposing an Amendment to the Constitution of Maine  
To Exempt 65-year-old Residents from Property Tax Increases**

**ONTP**

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require municipalities to cap property taxes on property owned and occupied as a person's primary residence if that person is at least 65 years of age and the property has an assessed value of no more than 150% of the median assessed value of housing in Maine. The rate of tax would be stabilized at the rate in effect on the later of the date by which the person attained 65 years of age or purchased the property. Upon transfer of the property to someone other than a family member of the owner, the property would assume the just value at the time of transfer. The State would be required to reimburse a municipality for any revenue lost due to the cap on property taxes.

**LD 1772      An Act To Require Nonresidents To Pay Sales Tax on Snowmobiles and  
ATVs**

**CARRIED OVER**

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