

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

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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

1. Part A requires approval of 2/3 of each House of the Legislature to alter the statutory tax rates for income tax, motor vehicle excise tax or sales tax except when adequate funds have not been appropriated for debt payment;
2. Part B authorizes municipalities to opt out of the unreimbursed portion of the general homestead exemption by holding a municipal referendum subject to procedural conditions enacted by the Legislature and allows them to reverse that decision by a subsequent referendum; and
3. Part C authorizes municipalities to adopt a local sales tax subject to guidelines and procedures enacted by the Legislature. Revenues must be used to reduce property taxes.

Committee Amendment "B" (S-272)

This amendment is the minority report of the Joint Standing Committee on Taxation. It removes those parts of the constitutional resolution that required a 2/3 vote to alter certain taxes and that authorized a local sales tax. The amendment retains the authority of municipalities to opt out of the unreimbursed portion of the general homestead exemption by holding a municipal referendum subject to procedural conditions enacted by the Legislature and to reverse that decision by a subsequent referendum.

LD 1823 An Act To Exempt Certain Meals Provided to Food Service Employees from the Sales and Use Tax

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BERRY PERRY J	OTP-AM MAJ ONTP MIN	H-413 H-515 BERRY

This bill exempts from the sales and use tax meals, up to a maximum cost to the employer of \$6 per day, provided to an employee of an eating establishment while that employee is working.

Committee Amendment "A" (H-413)

This amendment incorporates a fiscal note.

House Amendment "A" (H-515)

This amendment clarifies that the exemption applies to meals provided without charge to an employee during hours while the employee is paid for working, and reduces the maximum cost to the employer of the meal subject to the exemption from \$6 to \$2.

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

LD 1833 An Act To Provide Property Tax and Income Tax Relief

CARRIED OVER

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

This bill provides a framework for property tax relief and income tax relief discussions in the following ways.

Part A increases the homestead property tax exemption from \$13,000 to \$50,000.

Joint Standing Committee on Taxation

Part B increases benefits by reducing the threshold for 100% reimbursement of property taxes from 8% of income to 6% of income. It also changes the maximum property taxes that may be considered in the formula from \$3,000 to \$2,400 for single-member households and from \$4,000 to \$3,400 for households with 2 or more members, having the effect of reducing the income eligibility threshold to \$60,000 for single-member households and \$85,000 for households with 2 or more members.

Part C increases the earned income tax credit from 5% of the federal credit to 25% and makes it refundable.

Part D provides that the personal exemption under the income tax will be the same as the federal personal exemption, increasing the amount from \$2,850 to \$3,400 for tax years beginning in 2007.

Part E increases the low-income tax credit threshold from \$2,000 of taxable income to \$10,000 of taxable income.

Part F reduces personal income tax rates and adjusts brackets.

Part G eliminates the income tax incorporation of the standard deduction or itemized deductions claimed on a federal income tax return.

Part H increases the excise tax on beer from 25¢ per gallon to 50¢ per gallon and on wine from 30¢ per gallon to 45¢ per gallon.

Part I changes the rate of tax on all taxable income for corporations to 8.93%.

Part J increases the sales tax on meals and lodging from 7% to 9%.

Part K repeals various sales tax exemptions and broadens the sales tax and service provider tax to cover certain services not currently taxed. It also reinstates the sales tax on nonstaple foods.

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

See also LD 1819.

LD 1856 An Act To Allow a Tax Credit for College Loan Repayments

PUBLIC 469

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ ONTP MIN	H-414

This initiated bill provides a tax credit to reimburse educational loan payments for any Maine resident who earns an associate degree or a bachelor's degree in Maine, and lives, works and pays taxes in Maine after earning that degree. Under an agreement with the State, a Maine resident who earns an associate degree or a bachelor's degree from an accredited Maine junior college, college or university may take advantage of the credit. The person may claim the credit for payments made during each year that person lives and works in Maine. If the person lives and works in Maine, that person's employer may make the loan payments and claim the credit. The credit is limited to what the person actually pays in loan payments or to what would be necessary to pay for an education in the University of Maine System or Maine Community College System, whichever is less.

See also LDs 53, 298, 368, 948 and 1815.