

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

Committee Amendment "A" (H-414)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2007, chapter 469 is an initiated bill that 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.

LD 1875 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2007-08

P & S 28
EMERGENCY

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-382
		S-386 MARTIN

This bill establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Committee Amendment "A" (H-382)

This amendment incorporates a fiscal note.

Senate Amendment "A" (S-386)

This amendment adjusts the education portion of the municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality to reflect requirement enacted in LD 484, Public Law 2007, chapter 424.

Enacted Law Summary

Private and Special Law 2007, chapter 28 establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Private and Special Law 2007, chapter 28 is an emergency measure that took effect June 27, 2007.

LD 1905 An Act To Compute the Automobile Excise Tax Based on the Actual Purchase Price

ONTP

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

Joint Standing Committee on Taxation

This bill requires that the excise tax for all motor vehicles and campers be based upon the purchase price of the vehicle. Either the original bill of sale or the state sales tax document may be used to verify the purchase price. The bill repeals the section of law dealing with the computation of excise taxes on commercial motor vehicles because all motor vehicles would be taxed in the same manner under this bill.

LD 1917 An Act To Adjust the State Valuation of Boothbay Harbor

**DIED BETWEEN
HOUSES**

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

The Town of Boothbay Harbor by law must refund 60% of tax revenues derived from the Isle of Springs Corporation and the Bayville Village Corporation, both located within the town's geographic boundaries. This bill seeks to address the loss in state-municipal revenue sharing and state education funding that results from having the full value of the 2 village corporations included in the state valuation for the Town of Boothbay Harbor by recertifying the valuation to reflect only 40% of the valuation of the 2 village corporations.

This bill died as the result of nonconcurrence on Committee of Reference between the Senate and House of Representatives.

LD 1925 An Act To Cut Taxes on Maine Residents by over \$140,000,000

**DIED BETWEEN
HOUSES**

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

This bill represents the work of the Joint Standing Committee on Taxation to reform Maine's tax structure and reduce the burden of taxes on Maine residents. This bill reduces taxes on Maine families by over \$140,000,000. The bill contains the following provisions.

Part A makes fundamental changes to simplify and reduce the burden of the State's income tax and create an income tax that is intended to be more beneficial to investment and economic growth in the State. The current structure of 4 tax brackets, personal exemptions and deductions is replaced by a flat rate of 6% on all taxable income. The progressivity of the current income tax is maintained through a household credit that alleviates the impact of the 6% rate on low-income and middle-income households. The corporate income tax is also changed to a flat rate at 8.93%. Conformity with certain federal business expensing and depreciation treatment is provided. The complicated and confusing alternative minimum tax on individuals is repealed.

Part B provides property tax relief by increasing the homestead property tax deduction from \$13,000 to \$26,000.

Part C provides further property tax relief by making the Property Tax and Rent Refund Program, currently known as "the Maine Residents Property Tax Program" or "the circuitbreaker program," available to a larger number of residents and increasing benefits. It requires the State to make greater efforts to increase awareness of the program and produce greater participation.

Part D provides a process that permits persons 65 years of age or older to defer property taxes on their