

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

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

STAFF:

JULIE S. JONES, SENIOR ANALYST
ALEXANDRA AVORE, LEGISLATIVE ANALYST
OFFICE OF FISCAL AND PROGRAM REVIEW
5 STATE HOUSE STATION
AUGUSTA, ME 04333
(207)287-1635

MEMBERS:

SEN. JOSEPH C. PERRY, CHAIR
SEN. ETHAN STRIMLING
SEN. RICHARD A. NASS

REP. JOHN F. PIOTTI, CHAIR
REP. HERBERT E. CLARK
REP. ANNE M. RAND
REP. THOMAS R. WATSON
REP. DONALD E. PILON
REP. RANDY E. HOTHAM
REP. SCOTT E. LANSLEY
REP. KATHLEEN D. CHASE
REP. L. GARY KNIGHT
REP. RICHARD G. WOODBURY

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

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

Joint Standing Committee on Taxation

homesteads. The State would reimburse municipalities for the deferred taxes and acquire a lien on the property to collect what is owed when the property is sold or otherwise transferred.

Part E broadens the sales tax base by including certain services and repealing certain exemptions. Part E also increases the sales tax on prepared food and lodging to 8% and the sales tax on rentals of automobiles of less than one year to 15%.

Part F changes the format for the real estate transfer tax and provides that permanent residences with a value of \$1,000,000 or less would be taxed at 0.6% on the first \$250,000 of value, 0.8% on the next \$250,000 of value and 1% on the next \$500,000 of value. Residential property valued at over \$1,000,000 would be taxed at 1.5% and all other property would be taxed at 1%.

Part G doubles the excise tax on wine and malt liquor except for malt liquor produced by a manufacturer that produced less than 100,000 barrels in the previous calendar year.

Part H provides that, beginning in fiscal year 2009-10, 15% of growth in sales and income tax would be transferred to the Tax Relief Fund for Maine Residents to be used for tax relief.

Part I provides that, beginning in fiscal year 2009-10, 10% of sales tax revenue growth must be returned to the municipalities where the growth occurred.

Part J requires the Department of Administrative and Financial Services, Bureau of Revenue Services to make information available to citizens that explains the State's tax structure and the changes contained in this Act.

Part K provides that a lien for unpaid property taxes may not be foreclosed against the homestead of a person who is at least 65 years of age and has lived in the homestead for at least 10 years until the property is transferred by deed or upon death. Liens would continue in effect and would accrue interest until the lien is satisfied.

Part L makes appropriations and allocations necessary to implement the bill.