

MAINE STATE LEGISLATURE

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STATE OF MAINE
123RD LEGISLATURE
SECOND REGULAR AND FIRST SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed
during the Second Regular or First Special Sessions of the 123rd Maine
Legislature coming from the

JOINT STANDING COMMITTEE ON TAXATION

May 2008

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STATE OF MAINE
123RD LEGISLATURE
SECOND REGULAR & FIRST SPECIAL SESSIONS



**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 Second Regular or First Special Sessions of the 123rd Maine Legislature.

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:

| | |
|-------------------------------------------------------|--------------------------------------------------------------------------------|
| <i>CON RES XXX</i> | <i>Chapter # of Constitutional Resolution passed by both Houses</i> |
| <i>CONF CMTE UNABLE TO AGREE</i> | <i>Committee of Conference unable to agree; bill died</i> |
| <i>DIED BETWEEN BODIES</i> | <i>House & Senate disagree; bill died</i> |
| <i>DIED IN CONCURRENCE</i> | <i>One body accepts ONTP report; the other indefinitely postpones the bill</i> |
| <i>DIED ON ADJOURNMENT</i> | <i>Action incomplete when session ended; bill died</i> |
| <i>EMERGENCY</i> | <i>Enacted law takes effect sooner than 90 days</i> |
| <i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i> | <i>Emergency bill failed to get 2/3 vote</i> |
| <i>FAILED ENACTMENT/FINAL PASSAGE</i> | <i>Bill failed to get majority vote</i> |
| <i>FAILED MANDATE ENACTMENT</i> | <i>Bill imposing local mandate failed to get 2/3 vote</i> |
| <i>NOT PROPERLY BEFORE THE BODY</i> | <i>Ruled out of order by the presiding officers; bill died</i> |
| <i>INDEF PP</i> | <i>Bill Indefinitely Postponed; bill died</i> |
| <i>ONTP (or Accepted ONTP report)</i> | <i>Ought Not To Pass report accepted; bill died</i> |
| <i>P&S XXX</i> | <i>Chapter # of enacted Private & Special Law</i> |
| <i>PUBLIC XXX</i> | <i>Chapter # of enacted Public Law</i> |
| <i>RESOLVE XXX</i> | <i>Chapter # of finally passed Resolve</i> |
| <i>UNSIGNED</i> | <i>Bill held by Governor</i> |
| <i>VETO SUSTAINED</i> | <i>Legislature failed to override Governor's Veto</i> |

The effective date for non-emergency legislation enacted in the Second Regular Session (R2) is June 30, 2008. The effective date for non-emergency legislation enacted in the First Special Session (S1) is July 18, 2008.¹ The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills. Any bill summarized in this document having an LD number less than 1932 was a bill carried over from the First Regular Session of the 123rd Legislature.

¹ The session in which each law was enacted or finally passed (R2 or S1) is included in Appendix C.

Joint Standing Committee on Taxation

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.

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.

LD 1972 An Act To Provide Property Tax Relief

**DIED ON
ADJOURNMENT**

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| BARTLETT | JT RULE 309 | |

This bill provides a refundable tax credit for 25% of the property tax paid on a person's primary residence, up to a maximum credit of \$500 per year. If a person also applies for benefits under the Circuitbreaker Program, the amount of property taxes claimed under the Circuitbreaker Program must be reduced by the amount of the credit.

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

LD 1976 An Act To Enhance Economic Development in Maine's Aviation Industry

PUBLIC 691

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|------------------------------|---------------------------|
| EDMONDS | OTP-AM MAJ OTP-AM MIN | S-485 S-674 ROTUNDO |

This bill extends the sales tax exemption for certain aircraft to include all aircraft, regardless of where used, and also provides a sales tax exemption for parts that are used exclusively in the repair or significant overhauling of an aircraft.

Committee Amendment "A" (S-485)

This amendment narrows the expansion of the sales and use tax exemption for certain aircraft by limiting it to any aircraft purchased, leased or used in the State by a nonresident after July 1, 2008.

Senate Amendment "A" to Committee Amendment "A" (S-674)

Joint Standing Committee on Taxation

This amendment provides that a day that an aircraft is used to provide free emergency or compassionate air transportation arranged by an incorporated nonprofit organization providing free air transportation in private aircraft by volunteer pilots so children and adults may access life-saving medical care may not be counted toward the period of time that aircraft must be present in this State in order for it to be subject to the sales and use tax.

Enacted Law Summary

Public Law 2007, chapter 691 provides that with regard to sales and use tax on aircraft owned by nonresidents that a day that an aircraft is used to provide free emergency or compassionate air transportation arranged by an incorporated nonprofit organization providing free air transportation in private aircraft by volunteer pilots so children and adults may access life-saving medical care may not be counted toward the period of time that aircraft must be present in this State in order for it to be subject to the tax.

LD 1984 An Act To Provide a State Income Tax Deduction to Dentists for Military Pensions

PUBLIC 689

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| TURNER | OTP-AM | S-476 |

This bill provides a tax credit to dentists who are receiving a military pension. The amount of the credit is equal to the amount of the military pension and applies only if the dentist practices an average of 20 hours per week in the State and accepts patients who receive MaineCare benefits.

Committee Amendment "A" (S-476)

This amendment replaces the income tax credit with an income tax deduction to facilitate administration of the benefit and removes emergency provisions. It also adds an appropriations and allocations section.

Enacted Law Summary

Public Law 2007, chapter 689 provides an income tax deduction for dentists who are receiving a military pension. The deduction is equal to the amount of the military pension and applies only if the dentist practices an average of 20 hours per week in the State and accepts patients who receive MaineCare benefits.

LD 2005 An Act To Clarify the Sales Tax on Prepared Meals

PUBLIC 529

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| HASTINGS | OTP-AM | S-461 |

This bill amends the definition of "prepared food" under the sales tax law to exclude food and drinks served by a youth camp licensed under the Department of Health and Human Services.

Committee Amendment "A" (S-461)

This amendment provides more detail clarifying when youth camp meals are exempt from sales tax and places the provision in the list of sales tax exemptions.

Enacted Law Summary

Public Law 2007, chapter 529 provides a sales tax exemption for meals served by a youth camp licensed by the Department of Health and Human Services.