

MAINE STATE LEGISLATURE

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STATE OF MAINE
124TH LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed during the First Regular Session of the 124th Maine Legislature coming from the

JOINT STANDING COMMITTEE ON TAXATION

July 2009

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STATE OF MAINE

124TH 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 124th 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:

CARRIED OVER.....	Carried over to a subsequent session of the Legislature
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; bill died
ONTP (or Accepted ONTP report).....	Ought Not To Pass report accepted; bill died
P&S XXX.....	Chapter # of enacted Private & Special Law
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

The effective date for non-emergency legislation enacted in the First Regular Session of the 124th Legislature is September 12, 2009. 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

LD 1087

**RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Cap the Property Tax on the Primary Residence of a Person 65
Years of Age or Older**

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require property taxes on property owned and occupied as a person's primary residence to be capped if that person is at least 65 years of age. The tax would be set at the amount assessed on the property on the date by which the person attained 65 years of age or purchased the property, whichever is later. 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.

LD 1088

**An Act To Modernize the Tax Laws and Provide over \$50,000,000 to
Residents of the State in Tax Relief**

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI PERRY J	OTP-AM MAJ ONTP MIN	H-530 H-537 WATSON

This bill reforms the State's tax structure and reduces the burden of taxes on residents of the State. 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 6.5% on all taxable income. The progressivity of the current income tax is maintained through a household credit that alleviates the impact of the 6.5% rate on low-income and middle-income households. The alternative minimum tax on individuals is abolished.

Part B broadens the sales tax base by including certain services, including certain amusement, entertainment and recreation services; installation, repair and maintenance services; personal property services; transportation and courier services; and long distance telephone service. Part B also changes the point of imposition of sales tax related to leased property from the sale of that property to the leasing business to the lease payments by the consumer. Part B also increases the sales tax on prepared food and lodging to 8.5% and the sales tax on rentals of automobiles of less than one year to 15%.

Part C changes the real estate transfer tax by providing that residences with a value greater than \$500,000 will be taxed at 1% on the value of the residence that exceeds \$500,000 with the full increase accruing to the General Fund.

Committee Amendment "A" (H-530)

This amendment makes changes to Part A of the bill to add income tax credits for charitable contributions exceeding \$250,000 and an additional credit for persons who are 65 years of age or older. The amendment also adjusts the formulas for calculation of the household credit and indexing for inflation of that credit. The amendment also requires that the State Tax Assessor report to the joint standing committee of the Legislature having jurisdiction over taxation matters by November 1, 2011 regarding the impact of the changes in the tax laws contained in the bill and authorizes the committee to submit legislation to the Second Regular Session of the 125th Legislature.

This amendment makes changes to Part B of the bill to clarify the definitions of taxable services and candy. The