

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
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

MEMBERS:

SEN. JOSEPH C. PERRY, CHAIR
SEN. LAWRENCE BLISS
SEN. RICHARD A. NASS

REP. THOMAS R. WATSON, CHAIR
REP. DONALD E. PILON
REP. MARK E. BRYANT
REP. LINDA M. VALENTINO
REP. PATSY CROCKETT
REP. LAWRENCE SIROIS
REP. ELSPETH FLEMINGS
REP. KATHLEEN D. CHASE
REP. L. GARY KNIGHT
REP. BRIAN D. LANGLEY

STAFF:

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

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

amendment creates sales tax exemptions for meals served at certain retirement facilities, sales of certain taxable services delivered outside the State, sales to affiliates, sales of services by a person that has made less than \$5,000 in sales of such services during the previous year and certain sales to a business that makes snow for skiing, snowmobiling or similar activities. The amendment reduces the sales tax rate for short-term rental of automobiles to 12.5% and makes changes to the taxation of leases. The amendment establishes an airport transportation fee of \$1 for each person transported to a commercial airport by taxicab or limousine. The amendment also requires the State Tax Assessor to report to and consult with the joint standing committee of the Legislature having jurisdiction over taxation matters in the preparation of bulletins, taxpayer guidance materials and major substantive rules relating to the implementation of Part B.

This amendment makes changes in Part C to change the meaning of "residential property."

This amendment adds Part D, which makes the following changes to the Maine Residents Property Tax Program, or Circuitbreaker Program.

It simplifies the income calculation by excluding from household income the income of dependents and certain miscellaneous income.

It gradually changes the time for filing an application and making payments to coincide with income tax filing periods. For application periods beginning on or after August 1, 2010, the benefit will be calculated on the basis of tables provided by the State Tax Assessor utilizing the benefit formula in current law.

Beginning with the 2010 tax year, the Maine individual income tax booklets must contain the Circuitbreaker Program application and instructions.

This amendment adds a Part E to the bill to add an appropriations and allocations section.

This amendment provides a process, through the senior property tax deferral laws, that permits a person 70 years of age or older to defer property taxes on the person's homestead if the person's income does not exceed 300% of federal poverty guidelines and if the person has occupied the homestead as a primary residence for at least 10 years before applying. 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. Collections of deferred property taxes are used to fund the future operation of the program.

House Amendment "A" To Committee Amendment "A" (H-537)

This amendment retains the current sales tax treatment for leased property located at a manufacturing or fabrication facility.

LD 1088 was recalled from the Governor's desk and indefinitely postponed. See LD 1495.

LD 1093 An Act Concerning Technical Changes to the Tax Laws

PUBLIC 434

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON PERRY J	OTP-AM	H-476 S-315 PERRY J S-341 PERRY J

This bill makes the following changes to the laws governing taxation.

1. It corrects the source of funding for the Waste Motor Oil Revenue Fund to reflect changes enacted in the First Special Session of the 123rd Legislature.
2. It repeals provisions relating to educational attainment and recruitment tax credits as required by Public Law 2007, chapter 539, Parts RR and SS, which repealed those credits.
3. It repeals obsolete requirements relating to distributors of fuels and oils that have not been enforced for many years and references to those requirements.

Joint Standing Committee on Taxation

4. It clarifies that debts subject to collection by the State Tax Assessor pursuant to statutes outside of the Maine Revised Statutes, Title 36 are subject to the administrative provisions of Title 36. The proposed change reflects current administrative policy.
5. It requires the production of books and records pertinent to a criminal investigation of certain tax-related crimes. The proposed change reflects current administrative policy.
6. It adds administration of the bulk motor vehicle oil premium under Title 10, section 1020 to the list of additional duties assigned to the State Tax Assessor.
7. It amends the levy statutes to reflect changes enacted in the First Regular Session of the 123rd Legislature.
8. It corrects citations to federal law.
9. It repeals obsolete transitional provisions in the property tax law.
10. It corrects internal references and repeals superfluous effective dates.
11. It corrects spelling and grammatical errors.
12. It corrects a conflict created by Public Law 2007, chapters 541 and 693, which affected the same provision of law, by incorporating changes made by both laws.
13. It clarifies that repair parts used in the performance of repair services on telecommunications equipment pursuant to an extended service contract are not subject to sales tax. The proposed change reflects current administrative policy. It also corrects a conflict created by Public Law 2007, chapters 627 and 693, which affected the same provision of law, by incorporating changes made by both laws.
14. It replaces obsolete terminology.
15. It eliminates redundant language.
16. It repeals an unnecessary statute relating to renumbering of sales tax exemptions.
17. It clarifies a cross-reference.
18. It relocates an exemption in the service provider tax law from the definitions section to the exemptions section. It also corrects a conflict created by Public Law 2007, chapters 539 and 627, which affected the same provision of law, by incorporating the changes made by both laws.
19. It enacts a partial exemption in the service provider tax law for fabrication services for the production of fuel for use at a manufacturing facility. The proposed change reflects current administrative policy.
20. It clarifies the distinction between licensed distributors and registered distributors under the gasoline tax law and eliminates superfluous and archaic language in gasoline tax law definitions.
21. It clarifies that the gasoline inventory tax applies to importers and wholesalers. The proposed change reflects current administrative policy.
22. It restores language limiting the scope of the exemption for internal combustion engine fuel used in international flights that was inadvertently repealed by legislation enacted in the First Special Session of the 123rd Legislature.
23. It clarifies that gasoline wholesalers must obtain and display a certificate issued by the State Tax Assessor. The proposed change reflects current administrative policy.
24. It clarifies filing and tax payment requirements pertaining to licensed distributors and wholesalers of gasoline.
25. It clarifies that persons who become subject to the gasoline tax in special cases are not considered as distributors but are subject to tax on the same basis as licensed distributors.
26. It clarifies the distinction between licensed suppliers and registered suppliers under the special fuel tax law.
27. It clarifies that only licensed suppliers qualify for a shrinkage allowance under the special fuel tax law. The proposed change reflects current administrative policy.
28. It amends the statute imposing a special fuel inventory tax to reflect changes enacted in the First Special Session of the 123rd Legislature.
29. It clarifies that special fuel wholesalers must obtain and display a certificate issued by the State Tax Assessor. The proposed change reflects current administrative policy.
30. It clarifies filing and tax payment requirements pertaining to licensed suppliers and wholesalers of special fuel.
31. It clarifies that certain requirements relating to discontinuance of business apply to wholesalers of special fuel. The proposed change reflects current administrative policy.
32. It clarifies eligibility for a credit for tax paid on worthless accounts under the special fuel tax law. The proposed changes reflect current administrative policy.
33. It repeals a superfluous definition in the milk handling fee law.
34. It clarifies imprecise language regarding the tax imposed on nonresidents and repeals a superfluous effective

Joint Standing Committee on Taxation

date.

35. It repeals an obsolete statute that imposed an income tax surcharge for the 1991 and 1992 tax years.

36. It corrects a provision that deals with the annual inflation adjustment to the household income limits in the Maine Residents Property Tax Program to correct a cross-reference.

37. It adds an income tax modification to exclude municipal property tax assistance program benefits under Title 36, section 6232, subsection 1-A from taxable income. The proposed change reflects current administrative policy.

38. It clarifies the computation of Maine taxable income of a nonresident estate or trust.

Committee Amendment "A" (H-476)

This amendment removes from the bill a provision that requires producing books and records pertinent to a criminal investigation of certain tax-related crimes upon demand of the State Tax Assessor.

Senate Amendment "A" (S-315)

This amendment provides that the definition of "pet" for sales tax purposes has the same meaning as under the animal welfare laws and excludes equines. This amendment also clarifies the application of the Maine income tax to nonresidents.

Senate Amendment "B" (S-341)

This amendment clarifies the factors for determining a business customer for the exemption from the service provider tax on interstate or international telecommunications service.

Enacted Law Summary

Public Law 2009, chapter 434 makes technical changes to the tax laws.

LD 1120 Resolve, Relating To Review of Certain Changes in the Application of the Sales and Use Tax Law

RESOLVE 127

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHASE NASS R	OTP-AM	H-528

This bill requires the State Tax Assessor to report to the joint standing committee of the Legislature having jurisdiction over taxation matters before implementing any significant change in policy or practice of the Bureau of Revenue Services if that change will result in additional revenue. The joint standing committee is authorized to report out legislation reversing or modifying the change.

Committee Amendment "A" (H-528)

This amendment changes the bill to a resolve directing the Department of Administrative and Financial Services, Bureau of Revenue Services to consult with the Office of the Attorney General before implementing a significant change in policy, practice or interpretation of the sales and use tax law that would result in additional revenue to determine if the change represents a policy shift that ought to be reviewed by the appropriate legislative committee of oversight.

Enacted Law Summary

Resolve 2009, chapter 127 directs the Department of Administrative and Financial Services, Bureau of Revenue Services to consult with the Office of the Attorney General before implementing a significant change in policy, practice or interpretation of the sales and use tax law that would result in additional revenue to determine if the change represents a policy shift that ought to be reviewed by the appropriate legislative committee of oversight.