

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

This amendment makes changes to clarify and simplify the provisions of the bill.

Enacted Law Summary

Public Law 2009, chapter 314 establishes authority for creation of transit-oriented development districts under the tax increment financing laws to define the parameters for transit districts and the permissible transit-oriented uses of TIF funds.

LD 1401

An Act To Make Minor Substantive Changes to the Tax Laws

PUBLIC 361

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON PERRY J	OTP-AM	H-482

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

It changes procedures for certification of eligibility for the income tax credit for rehabilitation of historic properties including moving language regarding the responsibility of the Maine State Housing Authority to the Maine Revised Statutes, Title 30-A, chapter 201, which establishes and controls the Maine State Housing Authority.

It authorizes the State Tax Assessor to enter into agreements with other states or the Federal Government to set off tax refunds payable by each state or the Federal Government against tax debts owed to the other state or the Federal Government, and clarifies that restitution payable to the Department of Administrative and Financial Services, Bureau of Revenue Services as part of a sentence imposed for a criminal or tax law violation is a tax debt for purposes of such a setoff or a setoff against a federal tax refund.

It establishes a consistent method for treating certain tax law violations as a prior conviction when determining a sentence for a subsequent tax law violation.

It clarifies that amounts payable by the State to a person may be assigned to the State Tax Assessor and applied to restitution payable to the Bureau of Revenue Services as part of a sentence imposed for a criminal or tax law violation.

It provides authority for the State Tax Assessor to disclose to duly authorized officers of the Federal Government and of other state governments information necessary to administer a set-off agreement with those governments. It also corrects a numbering problem created by Public Law 2007, chapters 539, 693 and 694, which enacted 4 substantively different provisions with the same paragraph letter.

It enacts an exemption from the service provider tax for sales to an incorporated nonprofit medical clinic, for consistency with a change to the sales and use tax law enacted in the First Regular Session of the 123rd Legislature. It designates the document filed by a distributor when obtaining cigarette stamps as a tax return, allows a licensed distributor to sell unstamped cigarettes to another licensed distributor with appropriate documentation and establishes a consistent rule for treating certain tax law violations as a prior conviction when determining a sentence for a subsequent tax law violation.

It clarifies the types of business entities that qualify for an exemption from real estate transfer tax on deeds made pursuant to a merger or consolidation.

It allows a dealer owing no more than \$1,000 per year for the tax on mahogany quahogs to file annual returns.

It clarifies the procedures for calculating and certifying the income tax credit for rehabilitation of historic properties.

It clarifies that income tax refunds may be set off and applied to restitution payable to the Bureau of Revenue Services as part of a sentence imposed for a tax law violation.

It repeals a requirement for annual reporting of the projected costs of benefits for the current biennium and ensuing 2 biennia under the business equipment tax reimbursement program.

It simplifies and clarifies the State's procedures for payment of employment tax increment financing reimbursements.

It simplifies and clarifies the State's procedures for payment of media production reimbursements.

It corrects a cross-reference and authorizes Internet publication by the State Tax Assessor of certain information

Joint Standing Committee on Taxation

obtained from real estate transfer tax declarations of value.

It adds a provision to the service provider tax ensuring that the tax is paid when a taxable service is purchased for resale but is then used by the purchaser rather than being resold.

It waives the requirement to file a Maine income tax return for individuals who filed a federal income tax return solely in order to claim a federal earned income credit. It authorizes the State Tax Assessor to identify by rule other exceptions to that requirement to file a Maine income tax return.

It provides that an extension of time to file a Maine income tax return does not extend the period for filing a claim for credit or refund of an overpayment of Maine income tax.

Committee Amendment "A" (H-482)

This amendment restores the exemption to its application by Maine Revenue Services prior to the recent Maine Law Court decision, *John T. Cyr & Sons, Inc. v. State Tax Assessor*, 2009 ME 52, by codifying Maine Revenue Services Rule 318(3) and clarifying that the exemption is not limited only to situations when the Commerce Clause requires an exemption from the sales or use tax.

The amendment modifies the sales tax exemption for watercraft sold to nonresidents to provide that the exemption applies as long as the watercraft is removed from the State within 30 days of sale.

The amendment removes changes to the income tax credit for rehabilitation of historic properties that applies the maximum credit limitation to certified historic structures rather than to a certified historic project.

The amendment removes a section that provides that an extension of time to file a Maine income tax return does not extend the period for filing a claim for an income tax credit or refund.

Enacted Law Summary

Public Law 2009, chapter 361 makes minor substantive changes to the tax laws.

LD 1426 An Act To Allow Municipalities To Impose a Local Option Lodging or Meals Tax ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLEMINGS PERRY J	ONTP	

This bill allows a municipality to impose a local option lodging tax or a local option meals tax, or both, of 4% or less by local referendum. Revenue from the local option tax is distributed as follows: 75% to the municipality and 25% to the county in which the municipality is located.

LD 1427 An Act To Compensate Maine Residents for the Impacts of High-voltage Transmission Lines ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARTIN J L SHERMAN	ONTP	

This bill imposes a state excise tax on certain high-voltage electric transmission property at the rate of 10 mills multiplied by the just value of that property. This bill also creates the Maine Transmission Mitigation Trust, which manages the Maine Transmission Mitigation Trust Fund, also created in this bill. The revenue from the excise tax is deposited in the Maine Transmission Mitigation Trust Fund. Annual distributions from the fund of 20% of the trust fund, up to \$10,000,000 annually, are made to municipalities that submit winning bids for electricity infrastructure