

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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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
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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.

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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

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projects placing transmission lines underground. The remainder of the Maine Transmission Mitigation Trust Fund must be paid to Maine electricity ratepayers in proportion to each customer's purchases of electricity transmitted over the State's transmission and distribution utilities.

LD 1449 An Act To Expand Tax Incentives for Visual Media Productions

Carried Over

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON RECTOR		H-554

This bill makes changes to the State's tax incentives for attracting visual media productions. The existing income tax credit and reimbursement for certain production wages are replaced with a refundable income tax credit that is a percentage of direct production expenditures in the State. Eligible productions must be certified by the Department of Economic and Community Development. Productions with expenditures of more than \$50,000 but less than \$750,000 are eligible for an income tax credit of 10% of expenditures or 15% if the production company has been incorporated in the State for at least 2 years. A production company with eligible expenses of \$750,000 or more is eligible for a base credit of 20% of eligible expenditures with incremental increases if the company hires at least 15% of its cast and crew in the State, spends at least 25% of the project time in certain counties or participates in an internship program overseen by the Department of Economic and Community Development, Office of Tourism, Maine State Film Office. The Finance Authority of Maine is directed to establish a low-interest loan program for visual media production companies with visual media production expenses of \$750,000 or greater that receive a visual media production certificate.

Committee Amendment "A" (H-554)

This amendment changes the line between the Level 1 credit and the Level 2 credit from \$750,000 to \$500,000, changes the conditions for increases in the amount of credit and changes the annual limit on credit certificates from \$5,000,000 to \$3,000,000. The amendment also clarifies the audit authority of the State Tax Assessor and requires an annual report by the Department of Economic and Community Development, Office of Tourism, Maine State Film Office to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding implementation and administration of the credit.

This bill was removed from the Special Appropriations Table, recommitted to the Taxation Committee and carried over to any special or regular session of the 124th Legislature by joint order, H.P. 1053.

LD 1463 An Act To Provide Equitable Property Tax Relief To Maintain Traditional Communities

ONTP

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

This bill provides property tax relief for the purpose of maintaining the State's traditional communities through 2 methods.

The first method allows municipalities to enter into arrangements with natural resources support businesses through which the business grants a time-limited easement to the municipality to limit the use of property to natural resources business support in exchange for payments from the municipality to alleviate a portion of the property tax burden.