

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
124<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION



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

**JOINT STANDING COMMITTEE ON TAXATION**

July 2009

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# STATE OF MAINE

124<sup>TH</sup> 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 124<sup>th</sup> 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 124<sup>th</sup> 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*

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.

## *Joint Standing Committee on Taxation*

The 2nd method provides a system for municipalities to adopt an ordinance to permit persons 65 years of age or older to choose to defer property taxes on homesteads until the property is transferred in order to enable traditional families to remain in their homes despite increasing property values and taxes. Eligibility may be income-limited. The bill also extends Pine Tree Development Zone benefits to natural resources support businesses located in a Pine Tree Development Zone.

### **LD 1495     An Act To Implement Tax Relief and Tax Reform**

**PUBLIC 382**

Sponsor(s)

Committee Report

Amendments Adopted

This bill is a Governor's bill replacing Legislative Document 1088, "An Act To Modernize the Tax Laws and Provide over \$50,000,000 to Residents of the State in Tax Relief," as amended by Committee Amendment "A" and House Amendment "A" to Committee Amendment "A." 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 standard and itemized 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 and an elderly credit that alleviate the impact of the 6.5% rate on low-income and middle-income households. The alternative minimum tax on individuals is abolished. A surcharge of 0.35% is applied to taxable income exceeding \$250,000. The earned income tax credit is made partially refundable beginning in 2010.

Part B broadens the sales tax base by including certain amusement, entertainment and recreation services; installation, repair and maintenance services; personal property services; and transportation and courier services. 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 12.5%. The service provider tax is extended to interstate and international telecommunications service. This Part establishes an airport transportation fee of \$1 for each person transported to a commercial airport by taxicab or limousine. Part B also increases funding for tourism promotion.

Part C simplifies the income calculation under the Maine Residents Property Tax Program, also known as the "Circuitbreaker Program" 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.

See also LD 1088.

#### **Enacted Law Summary**

Public Law 2009, chapter 382 reforms the State's tax structure and reduces the burden of taxes on residents of the State. The bill contains the following provisions.