

# MAINE STATE LEGISLATURE

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



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

**JOINT STANDING COMMITTEE ON TAXATION**

April 2010

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# STATE OF MAINE

124<sup>TH</sup> LEGISLATURE  
SECOND 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 Second 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 HOUSES*..... 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 Second Regular Session of the 124<sup>th</sup> Legislature is Monday, July 12, 2010. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

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8. It corrects a conflict created by Public Law 2009, chapters 213 and 434, which affected the same provision of law, by incorporating changes made by both laws.
9. It corrects an error in the subtraction modification for depreciation deductions for individual and corporate income taxes. This bill also corrects conflicts in the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph AA and section 5200-A, subsection 2, paragraph R.
10. It repeals obsolete statutory language establishing the investment tax credit, since the credit is no longer available, and repeals a reference to the investment tax credit.
11. It clarifies the circumstances under which an income tax credit or refund may be claimed based on a federal amendment or adjustment.
12. It amends the law to clarify that a taxpayer participating in the business equipment tax reimbursement, or BETR, program and a tax increment financing agreement with a municipality may not receive a greater reimbursement than the amount of property taxes actually paid, less any tax increment financing refund received.
13. It repeals a reference to the investment tax credit and clarifies the computation of the reduced BETR program reimbursement.
14. It clarifies language relating to the computation of the employment tax increment financing reimbursement and corrects a conflict created by Public Law 2009, chapters 434 and 461, which affected the same provision of law.

**LD 1540**      **An Act To Amend the Tax Laws**

**PUBLIC 625**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON PERRY J	OTP-AM	H-754 S-538    DIAMOND

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

1. It clarifies the procedure for apportionment of county taxes in the unorganized territory, requires the county commissioners to issue their warrant for county taxes by July 15th and provides that the county must bear the cost of a supplemental assessment if they fail to do so.
2. It provides that a credit or reimbursement allowed or paid that is recoverable by the State Tax Assessor is a tax for purposes of the administrative provisions of the Maine Revised Statutes, Title 36.
3. It imposes interest on credits and reimbursements allowed or paid that are recoverable by the State Tax Assessor.
4. It repeals the requirement that a nonresident purchaser must have been employed or registered to vote in another state in order to qualify for exemption from Maine use tax on an automobile purchased and used in the other state.
5. It provides that an insurance agency may elect to collect and pay the tax on surplus lines premiums on behalf of its employees who are surplus lines producers.
6. It limits the exemption for internal combustion engine fuel sold wholly for exportation from the State to sales by

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a licensed distributor or an exporter.

7. It limits the exemption for special fuel sold only for exportation from the State to sales by a licensed supplier.

### **Committee Amendment "A" (H-754)**

This amendment does the following.

1. It exempts from sales tax any amount charged for the disposal of used tires.
2. It clarifies that the sales tax exemption granted for the sale of prescribed medication does not apply to the sale of marijuana under the Maine Medical Marijuana Act.
3. It provides that small sales of wood pellets and similar wood products intended for home heating are exempt from sales tax.
4. It codifies a state income tax subtraction modification for recovery amounts included in a taxpayer's federal adjusted gross income that were received after the taxpayer claimed an enhanced standard deduction for the amounts. The subtraction modification applies to tax years beginning on or after January 1, 2009.
5. It clarifies that the changes made by Public Law 2009, chapter 470, which changed the State's incentives to provide more effective strategies for attracting visual media productions to the State, applies to visual media production certificates issued by the Department of Economic and Community Development on or after January 1, 2010. For certificates that were issued prior to that date, the intent of this amendment is that those eligible media production companies are governed by the law in effect on the date the certificate was issued with regard to tax credits and reimbursement of wages.

### **Senate Amendment "B" To Committee Amendment "A" (S-538)**

This amendment adds a transfer of \$692,000 from the short-term emergency contingency account to increase the budgeted ending balance in the General Fund.

### **Enacted Law Summary**

Public Law 2009, chapter 625 makes the following changes to the laws governing taxation.

1. It clarifies the procedure for apportionment of county taxes in the unorganized territory, requires the county commissioners to issue their warrant for county taxes by July 15th and provides that the county must bear the cost of a supplemental assessment if they fail to do so.
2. It provides that a credit or reimbursement allowed or paid that is recoverable by the State Tax Assessor is a tax for purposes of the administrative provisions of the Maine Revised Statutes, Title 36.
3. It imposes interest on credits and reimbursements allowed or paid that are recoverable by the State Tax Assessor.
4. It repeals the requirement that a nonresident purchaser must have been employed or registered to vote in another state in order to qualify for exemption from Maine use tax on an automobile purchased and used in the other state.
5. It provides that an insurance agency may elect to collect and pay the tax on surplus lines premiums on behalf of its employees who are surplus lines producers.
6. It limits the exemption for internal combustion engine fuel sold wholly for exportation from the State to sales by a licensed distributor or an exporter.
7. It limits the exemption for special fuel sold only for exportation from the State to sales by a licensed supplier.

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8. It exempts from sales tax any amount charged for the disposal of used tires.
9. It clarifies that the sales tax exemption granted for the sale of prescribed medication does not apply to the sale of marijuana under the Maine Medical Marijuana Act.
10. It provides that small sales of wood pellets and similar wood products intended for home heating are exempt from sales tax.
11. It codifies a state income tax subtraction modification for recovery amounts included in a taxpayer's federal adjusted gross income that were received after the taxpayer claimed an enhanced standard deduction for the amounts. The subtraction modification applies to tax years beginning on or after January 1, 2009.
12. It clarifies that the changes made by Public Law 2009, chapter 470, which changed the State's incentives to provide more effective strategies for attracting visual media productions to the State, applies to visual media production certificates issued by the Department of Economic and Community Development on or after January 1, 2010. Certificates that were issued prior to that date are governed by the law in effect on the date the certificate was issued for both tax credits and reimbursement of wages.
13. It adds a transfer of \$692,000 from the short-term emergency contingency account to increase the budgeted ending balance in the General Fund.

**LD 1634      An Act To Increase Financial Assets of Maine Citizens by Allowing Split Tax Refunds**

**ONTP**

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

This bill requires the State Tax Assessor to deposit a state income tax refund into up to three accounts at one or more financial institutions upon request of the person entitled to the refund.

**LD 1635      An Act To Avoid Unnecessary Removal of Land from the Maine Tree Growth Tax Law Program**

**PUBLIC 577**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON DAMON	OTP-AM	H-751

This bill provides a grace period that imposes a temporary suspension from taxation under the Maine Tree Growth Tax Law for landowners who fail to file the required statements every 10 years but are otherwise in compliance with the law. Current law requires the tax assessor to withdraw the land from taxation under the program and impose prescribed penalties after notifying the landowner and providing a period of 60 days for the landowner to respond to that notice. This bill provides that the parcel for taxation under the Maine Tree Growth Tax Law is suspended from the program for one year after the original due date of the required statements and that the parcel is taxed as if it were not eligible for taxation under the program but without applying the penalty provision. The bill allows the land to be returned to classification under the Maine Tree Growth Tax Law if the landowner provides the required statements before the end of the one-year suspension period. It requires that the penalty be assessed as if the parcel