

MAINE STATE LEGISLATURE

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STATE OF MAINE
124TH LEGISLATURE
SECOND REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

April 2010

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STATE OF MAINE

124TH 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 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:

<i>CARRIED OVER</i>	<i>Carried over to a subsequent session of the Legislature</i>
<i>CON RES XXX</i>	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i>	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN HOUSES</i>	<i>House & Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i>	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i>	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i>	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i>	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i>	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i>	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i>	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i>	<i>Bill Indefinitely Postponed; bill died</i>
<i>ONTP (or Accepted ONTP report)</i>	<i>Ought Not To Pass report accepted; bill died</i>
<i>P&S XXX</i>	<i>Chapter # of enacted Private & Special Law</i>
<i>PUBLIC XXX</i>	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i>	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i>	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i>	<i>Legislature failed to override Governor's Veto</i>

The effective date for non-emergency legislation enacted in the Second Regular Session of the 124th 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.

Joint Standing Committee on Taxation

Statutes, Title 13-B in order to receive the sales tax exemption for snowmobile trail grooming equipment.

Enacted Law Summary

Public Law 2009, chapter 491 requires that a snowmobile club must be a nonprofit corporation incorporated under the Maine Revised Statutes, Title 13-B in order to receive the sales tax exemption for snowmobile trail grooming equipment.

LD 1666 An Act To Improve the Seed Capital Investment Tax Credit Program

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL E	OTP-AM	S-404

This bill changes the seed capital investment tax credit program by increasing the existing credit from 40% of an eligible investment to 60% and applying it uniformly across the State rather than basing it on unemployment rates. The bill eliminates the up-front tax credit for investors in certain venture capital funds and makes changes to the conditions and restrictions related to business ownership by investors in private venture capital funds. The bill retains the current amount of \$30,000,000 as the aggregate amount of credits that the Finance Authority of Maine may issue through the end of calendar year 2011 and then increases the amount to \$50,000,000 starting in 2012. It allows investors entitled to the credit that are part of a partnership, corporation or similar entity to allocate the credit using an alternate allocation method rather than allocating the credit in direct proportion to their respective interests in those partnerships, corporations or similar entities. It adds the partners, members or equity owners of certain nonprofit, civic and charitable organizations to the list of those entitled to the credit and states that they must be treated as taxpayers for the purposes of this refundable credit. The bill provides an exception to the provision that specifies that 25% of the tax credit must be taken in the year the investment is made for certain time periods and provides a schedule that specifies what percentage must be taken in each taxable year. The bill also makes the tax credit refundable to provide an incentive for investment in Maine businesses.

Committee Amendment "A" (S-404)

This amendment replaces the bill. The amendment, like the bill, changes the Maine Seed Capital Tax Credit Program by increasing the existing credit from 40% of an eligible investment to 60% and applying it uniformly across the State rather than basing it on unemployment rates. The amendment eliminates the up-front tax credit for investors in certain venture capital funds and authorizes a refundable tax credit of 50% for investments in eligible businesses by venture capital funds. Any income recognized on a taxpayer's federal tax return from the refundable tax credit would be subtracted from federal adjusted gross income for state income tax purposes. The amendment retains the current amount of \$30,000,000 as the aggregate amount of credits that the Finance Authority of Maine may issue. It requires the Finance Authority of Maine to report annually to the Joint Standing Committee on Taxation on activity in the program in the prior year.

LD 1674 An Act To Amend the Law Governing Sales Tax Exemptions for Certain Nonprofit Youth Organizations

ONTP

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

Joint Standing Committee on Taxation

Current law provides a sales tax exemption for nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting. This bill expands application of the sales tax exemption to nonprofit youth organizations whose primary purpose is to provide artistic instruction in a nonresidential setting.

LD 1694 Resolve, To Increase Transparency and Accountability and Assess the Impact of Tax Expenditure Programs

RESOLVE 199

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CAIN CRAVEN	OTP	S-474 PERRY J

This resolve directs the Commissioner of Administrative and Financial Services to convene a working group to define the purpose of certain tax expenditure programs, design a method to collect data that measure the economic impact of tax expenditure programs and recommend a reporting and review schedule of such programs.

Senate Amendment "A" (S-474)

This amendment strikes the language that gives the joint standing committee of the Legislature having jurisdiction over taxation matters the authority to report out legislation to the First Regular Session of the 125th Legislature.

Enacted Law Summary

Resolve 2009, chapter 199 directs the Commissioner of Administrative and Financial Services to convene a working group to define the purpose of certain tax expenditure programs, design a method to collect data that measure the economic impact of tax expenditure programs and recommend a reporting and review schedule of such programs. It requires the Commissioner to submit a report containing the working group's findings and recommendations to the joint standing committees of the Legislature having jurisdiction over taxation matters, appropriations and financial affairs, and business, research and economic development matters.

LD 1721 An Act To Provide a Sales Tax Exemption for Commemorative Items Honoring Veterans

ONTP

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

This bill provides a state sales tax exemption for commemorative items honoring veterans serving in different conflicts sold by the Department of Defense, Veterans and Emergency Management, Bureau of Maine Veterans' Services.