

# MAINE STATE LEGISLATURE

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



Summaries of bills, adopted amendments and laws enacted or finally passed

**JOINT STANDING COMMITTEE ON TAXATION**

July 2011

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STATE OF MAINE  
125<sup>TH</sup> LEGISLATURE  
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LEGISLATIVE DIGEST OF BILL SUMMARIES AND  
ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 125<sup>th</sup> Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD 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 LD is noted to the right of the LD title. The following describes the various final actions.

*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; legislation died  
*DIED BETWEEN HOUSES*..... House & Senate disagreed; legislation died  
*DIED IN CONCURRENCE*..... defeated in each house, but on different motions; legislation died  
*DIED ON ADJOURNMENT*..... action incomplete when session ended; legislation died  
*EMERGENCY*..... enacted law takes effect sooner than 90 days after session adjournment  
*FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE* ..... emergency failed to receive required 2/3 vote  
*FAILED, ENACTMENT or FINAL PASSAGE*..... failed to receive final majority vote  
*FAILED, MANDATE ENACTMENT* ..... legislation proposing local mandate failed required 2/3 vote  
*HELD BY GOVERNOR*..... Governor has not signed; final disposition to be determined at subsequent session  
*LEAVE TO WITHDRAW*..... sponsor's request to withdraw legislation granted  
*NOT PROPERLY BEFORE THE BODY*..... ruled out of order by the presiding officer; legislation died  
*INDEF PP*..... indefinitely postponed; legislation died  
*ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X*... ought-not-to-pass report accepted; legislation died  
*P&S XXX*..... chapter # of enacted private & special law  
*PUBLIC XXX*..... chapter # of enacted public Law  
*RESOLVE XXX*..... chapter # of finally passed resolve  
*VETO SUSTAINED*..... Legislature failed to override Governor's veto

The effective date for non-emergency legislation enacted in the First Regular Session of the 125<sup>th</sup> Legislature is September 28, 2011. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

*Joint Standing Committee on Taxation*

**LD 686      An Act To Promote Small Business in Maine      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CORNELL DU HOUX RECTOR	ONTP	

This bill creates a personal property tax exemption for the first \$75,000 in value of any machinery, equipment, furnishings or like personal property that is owned and regularly used in the normal course of business by any small business operating in the State in any legal form. The bill also provides a definition of "small business" for the purpose of determining eligibility for the exemption, using the small business size standards developed by the United States Small Business Administration and codified in 13 Code of Federal Regulations, Section 121.

**LD 695      An Act To Reduce Taxes and Promote Employment      DIED IN  
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLEMINGS ALFOND	ONTP MAJ OTP-AM MIN	

This bill increases the state earned income tax credit from 5% to 10% of the federal credit and makes it refundable.

**LD 705      An Act To Reduce the Income Tax for Low-income Families      ONTP**

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

This bill provides a credit for an individual who is a resident of Maine and whose federal adjusted gross income is \$15,000 or less for the entire year, reducing the individual's income tax liability to zero.

**LD 706      An Act To Base the Motor Vehicle Excise Tax on Ninety Percent of the      ONTP  
Maker's List Price**

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

Current law requires the excise tax paid on motor vehicles to be based on the maker's list price, regardless of the amount actually paid for the motor vehicle.

## *Joint Standing Committee on Taxation*

This bill instead requires the excise tax to be based on 90% of the maker's list price for the motor vehicle, regardless of the amount actually paid for the motor vehicle, and it changes the mill rate structure for the succeeding years.

**LD 707      An Act To Increase the State Earned Income Credit      ONTP**

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

This bill, beginning in 2011, increases the state earned income credit from 5% to 25% of the federal earned income credit and provides that the state earned income credit is fully refundable.

**LD 713      An Act To Amend the Definition of Automobile for Purposes of the      PUBLIC 296**  
**Sales and Use Tax Law**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT MASON	OTP-AM	H-433

Under the Sales and Use Tax Law, "retail sale" does not include the sale of automobile parts used in the performance of repair services on an automobile pursuant to an extended service contract. This bill specifies that this exclusion applies only to repair parts used in repair services on automobiles weighing 10,000 pounds or less.

### **Committee Amendment "A" (H-433)**

This amendment replaces the bill. This amendment changes the definition of "automobile" for the purposes of the Sales and Use Tax Law. "Automobile," as defined in the Maine Revised Statutes, Title 36, section 1752, includes all cars and other passenger vehicles. It also includes pickup trucks and vans weighing 6,000 pounds or less. The amendment increases the maximum weight to 10,000 pounds. Amending the definition of "automobile" affects the sales tax exemption for automobiles used in driver education, automobiles sold to amputee veterans who are granted free registration and automobiles purchased outside the State by a nonresident and subsequently used in Maine. The definition change affects the purchase of an automobile and automobile parts and accessories by a person engaged in renting automobiles on a short-term basis, the purchase of an automobile by a person engaged in renting automobiles for one year or more and the purchase of automobile repair parts used in the repair of an automobile pursuant to an extended service contract, which was the intent of the bill. It also affects provisions related to the sales tax on rental vehicles and affects the sales and use tax exemption for purchase and use of a loaner vehicle by a new vehicle dealer. It affects the reimbursement of excise tax paid on certain automobiles rented for a period of less than one year.

### **Enacted Law Summary**

Public Law 2011, chapter 296 changes the definition of "automobile" for the purposes of the Sales and Use Tax Law by including pickup trucks and vans weighing 10,000 pounds or less. Previously, the definition included pickup trucks and vans weighing 6,000 pounds or less. Amending the definition of "automobile" affects the sales tax exemption for automobiles used in driver education, automobiles sold to amputee veterans who are granted free registration and automobiles purchased outside the State by a nonresident and subsequently used in Maine. The definition change affects the purchase of an automobile and automobile parts and accessories by a person engaged in renting automobiles on a short-term basis, the purchase of an automobile by a person engaged in renting automobiles