

MAINE STATE LEGISLATURE

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STATE OF MAINE
125TH 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
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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 125th 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 125th 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.

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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 Sales and Use Tax Law** **PUBLIC 296**

<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

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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. 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.

LD 742 An Act To Amend the Maine Historic Preservation Tax Credit

PUBLIC 453

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RECTOR	OTP-AM MAJ ONTP MIN	S-116 RECTOR S-89

This bill eliminates the current sunset date for the Maine historic preservation tax credit and requires the Maine Historic Preservation Commission to report to the Legislature in 2013 and every 4 years thereafter with an analysis on the use of the credit.

Committee Amendment "A" (S-89)

This amendment replaces the bill, which eliminated the sunset for the Maine historic preservation tax credit, and changes the title. The amendment extends the sunset date to 2023. It requires the Maine Historic Preservation Commission to report to the Legislature every 2 years with an analysis on the use of the credit and recommendations for funding the credit after fiscal year 2014-15. It allows insurance companies investing in historic preservation projects to receive the credit. It requires the Treasurer of State to first credit \$245,160 in fiscal year 2013-14 and \$1,879,560 in fiscal year 2014-15 of the revenues available for the state share of the proceeds from the real estate transfer tax to the General Fund, after which the Treasurer of State pays any remaining revenues to the Maine State Housing Authority, which deposits the funds in the Housing Opportunities for Maine Fund.

Senate Amendment "A" To Committee Amendment "A" (S-116)

Committee Amendment "A" requires the Maine Historic Preservation Commission to report to the Legislature every 2 years with an analysis on the use of the historic structure preservation tax credit and recommendations for funding the credit after fiscal year 2014-15. This amendment instead requires that by January 15, 2013, the Maine Historic Preservation Commission make recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding specific proposals for funding the credit and, beginning January 15, 2015, the commission report every 2 years with an analysis on the use of the credit and recommendations for funding the credit.

Enacted Law Summary

Public Law 2011, chapter 453 extends the sunset date for the Maine historic preservation credit to 2023. It uses a portion of the revenue that normally would be deposited in the Housing Opportunities for Maine Fund to provide funding for the credit through the next biennium. It requires the Maine Historic Preservation Commission to report specific recommendations for future funding of the credit to the Taxation Committee by January 15, 2013 and to report every 2 years, beginning January 15, 2015, on the use and funding of the credit. It allows insurance companies investing in historic preservation projects to receive the credit.