

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.

Joint Standing Committee on Taxation

LD 849 **An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes** **Carried Over**

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

This bill provides tax relief for Maine's citizens by reducing income taxes paid by Maine citizens. The bill requires that revenue exceeding the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income bracket thresholds at which higher income tax rates apply and to reduce the highest income tax rates from 8.5% and 7% to 6.5%.

Committee Amendment "A" (S-308)

The Committee amendment replaces the bill and establishes individual income tax rates at 0%, 6.5% and 8.5% for tax years beginning on or after January 1, 2012. It reduces the highest income tax rate of 8.5% to 7.95% for tax years beginning on or after January 1, 2013. The amendment requires that revenue that exceeds the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income tax bracket thresholds at which higher income tax rates apply and to reduce the highest income tax rates to 4.5% over time to eventually establish one income tax rate.

Senate Amendment "A" To Committee Amendment "A" (S-330)

This amendment strikes the provisions of Committee Amendment "A" that require that revenue that exceeds the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income tax bracket thresholds at which higher income tax rates apply. This amendment retains the requirement that revenue be used to reduce the highest income tax rates to 4.5% over time to eventually establish one income tax rate.

This amendment removes the provisions of Committee Amendment "A" that establish income tax rates at 0%, 6.5% and 8.5% for tax years beginning in 2012 but retains the changes made for tax years beginning in 2013 or later.

This bill was placed on the Special Appropriations Table and the Joint Standing Committee on Appropriations and Financial Affairs voted to recommit it to the Taxation Committee. See LD 1043, Part N.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 855 **An Act To Treat Plantations in the Same Manner as Towns for Purposes of Tax Increment Financing** **PUBLIC 101**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMAS	OTP	

This bill authorizes plantations to implement tax increment financing development districts and development programs in the same manner as is currently available to municipalities under the Maine Revised Statutes, Title 30-A, chapter 206. The bill also allows authorized project costs to include certain capital costs associated with public ways and recreational trails within the tax increment financing development district.

Joint Standing Committee on Taxation

Enacted Law Summary

Public Law 2011, chapter 101 authorizes plantations to implement tax increment financing development districts and development programs in the same manner as is currently available to municipalities under the Maine Revised Statutes, Title 30-A, chapter 206. It also allows authorized project costs to include certain capital costs associated with public ways and recreational trails within the tax increment financing development district.

LD 868 An Act To Reform Maine Revenue Services Procedures ONTP

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

This bill requires the Department of Administrative and Financial Services, Bureau of Revenue Services, prior to implementing a change in policy or practice or in interpretation of any law, rule or bulletin that will result in additional revenue to the State, to notify the joint standing committee of the Legislature having jurisdiction over taxation matters and to implement the change through major substantive rulemaking, which is subject to review by the Legislature.

This bill also requires the State Tax Assessor to notify a taxpayer when an audit has been initiated and to record and to preserve all conversations with the taxpayer during the course of the audit.

LD 875 An Act To Provide an Incentive for Unemployed Persons To Become Self-employed ONTP

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

This bill is a concept draft pursuant to Joint Rule 208.

This bill, as emergency legislation, proposes to modify the tax laws to provide incentives that will encourage the use of personal assets, such as stocks and individual retirement accounts, and intrafamily loans to provide capital for unemployed persons to start or purchase a business.

LD 876 An Act To Convert Vacant Commercial Property to Occupied Commercial Property Carried Over

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

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to modify the tax laws to provide incentives that will encourage the improvement of unoccupied