

MAINE STATE LEGISLATURE

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STATE OF MAINE
125TH LEGISLATURE
SECOND REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

June 2012

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STATE OF MAINE

125TH LEGISLATURE
SECOND REGULAR SESSION



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 Second 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.

<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; legislation died</i>
<i>DIED BETWEEN HOUSES</i>	<i>House & Senate disagreed; legislation died</i>
<i>DIED IN CONCURRENCE</i>	<i>defeated in each house, but on different motions; legislation died</i>
<i>DIED ON ADJOURNMENT</i>	<i>action incomplete when session ended; legislation died</i>
<i>EMERGENCY</i>	<i>enacted law takes effect sooner than 90 days after session adjournment</i>
<i>FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE</i>	<i>emergency failed to receive required 2/3 vote</i>
<i>FAILED, ENACTMENT or FINAL PASSAGE</i>	<i>failed to receive final majority vote</i>
<i>FAILED, MANDATE ENACTMENT</i>	<i>legislation proposing local mandate failed required 2/3 vote</i>
<i>HELD BY GOVERNOR</i>	<i>Governor has not signed; final disposition to be determined at subsequent session</i>
<i>LEAVE TO WITHDRAW</i>	<i>sponsor's request to withdraw legislation granted</i>
<i>NOT PROPERLY BEFORE THE BODY</i>	<i>ruled out of order by the presiding officer; legislation died</i>
<i>INDEF PP</i>	<i>indefinitely postponed; legislation died</i>
<i>ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X</i> ...	<i>ought-not-to-pass report accepted; legislation 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>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 125th Legislature is Thursday, August 30, 2012. 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 876 An Act To Convert Vacant Commercial Property to Occupied Commercial Property

ONTP

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

This bill was carried over from the First Regular Session of the 125th Legislature. This bill is a concept draft pursuant to Joint Rule 208.

It proposes to modify the tax laws to provide incentives that will encourage the improvement of unoccupied commercial property in order to attract tenants and stimulate business development.

LD 1138 An Act To Amend the Maine Tree Growth Tax Law and the Open Space Tax Law

PUBLIC 618

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT LANGLEY	OTP-AM MAJ ONTP MIN	H-859

This bill was carried over from the First Regular Session of the 125th Legislature.

This bill requires the State Tax Assessor to impose a \$100 administrative penalty on a landowner enrolled in the Maine Tree Growth Tax Law program if the landowner fails to file a forest management and harvest plan by the later of the end of the 10-year period and the end of the 120-day notice period given by the assessor to notify the landowner that a plan is needed. If the landowner still does not file a plan within one year of the end of the 10-year deadline, then the assessor is required to withdraw the land from the tree growth tax program and assess a withdrawal penalty. This bill also repeals the 15,000-acre cap on land enrolled in the farm and open space tax law program to allow easier transfer of property between that program and the tree growth tax law program.

Committee Amendment "A" (H-859)

This amendment replaces the bill and changes the title. The amendment does the following.

1. It provides that, on or after August 1, 2012, an owner seeking classification under the Maine Tree Growth Tax Law program for a parcel of land that contains a structure for which a minimum lot size is required under state law or by municipal ordinance, the owner must exclude from the owner's schedule the area of land containing the structure, which may be no less than 1/2 acre. For a parcel of land that contains a residential structure in a shoreland area, the owner must exclude the area of land containing the structure, which may be no less than 1/2 acre, and the excluded parcel must include 100 feet of shoreland frontage or the minimum shoreland frontage required by the applicable minimum requirements of the zoning ordinance for the area in which the land is located, whichever is larger.
2. It requires, beginning August 1, 2012, that landowners in the Maine Tree Growth Tax Law program attest at the time of enrollment and at each update of the forest management and harvest plan that the primary use of the enrolled property is commercial timber harvesting or forest land that cannot be excluded from tree growth classification by statute.

Joint Standing Committee on Taxation

3. It creates a multiple-step process for notification and imposing penalties when a landowner fails to comply with the requirement to update the forest management and harvest plan every 10 years. The process requires up to 3 notifications sent by certified mail. It allows the assessor to impose a \$500 fine if the landowner misses the initial deadline and a subsequent \$500 penalty if the landowner has not met the requirement within 6 months. If the landowner has not complied with the requirement to update the plan or transferred the land to open space classification within an additional 6 months, the land will be withdrawn from the Maine Tree Growth Tax Law program and a penalty assessed pursuant to the Maine Revised Statutes, Title 36, section 581.
4. It creates an additional category under the alternative valuation method of open space land assessment providing for an additional reduction of 10% for a landowner who provides and complies with a forest management and harvest plan. It provides that a landowner who fails to comply with the plan as required under the open space tax program loses the additional percentage for 10 years.
5. It requires that, for property transferred from the Maine Tree Growth Tax Law program to the open space tax program and subsequently withdrawn from all current use tax programs entirely, the tree growth withdrawal penalty rather than the open space withdrawal penalty applies for the first 10 years after transfer.
6. It clarifies that any property within the unorganized territory that was withdrawn from classification under the Maine Tree Growth Tax Law between September 20, 2007 and July 1, 2010 and returned to tree growth classification pursuant to Public Law 2009, chapter 577, section 3 is for all purposes deemed not to have been withdrawn from tree growth classification during that period of time.

Enacted Law Summary

Public Law 2012, chapter 618 does the following.

1. It provides that, on or after August 1, 2012, an owner seeking classification under the Maine Tree Growth Tax Law program for a parcel of land that contains a structure for which a minimum lot size is required under state law or by municipal ordinance, the owner must exclude from the owner's schedule the area of land containing the structure, which may be no less than 1/2 acre. For a parcel of land that contains a residential structure in a shoreland area, the owner must exclude the area of land containing the structure, which may be no less than 1/2 acre, and the excluded parcel must include 100 feet of shoreland frontage or the minimum shoreland frontage required by the applicable minimum requirements of the zoning ordinance for the area in which the land is located, whichever is larger.
2. It requires, beginning August 1, 2012, that landowners in the Maine Tree Growth Tax Law program attest at the time of enrollment and at each update of the forest management and harvest plan that the primary use of the enrolled property is commercial timber harvesting or forest land that cannot be excluded from tree growth classification by statute.
3. It creates a multiple-step process for notification and imposing penalties when a landowner fails to comply with the requirement to update the forest management and harvest plan every 10 years. The process requires up to 3 notifications sent by certified mail. It allows the assessor to impose a \$500 fine if the landowner misses the initial deadline and a subsequent \$500 penalty if the landowner has not met the requirement within 6 months. If the landowner has not complied with the requirement to update the plan or transferred the land to open space classification within an additional 6 months, the land will be withdrawn from the Maine Tree Growth Tax Law program and a penalty assessed pursuant to the Maine Revised Statutes, Title 36, section 581.
4. It creates an additional category under the alternative valuation method of open space land assessment providing for an additional reduction of 10% for a landowner who provides and complies with a forest management and harvest plan. It provides that a landowner who fails to comply with the plan as required under the open space tax program loses the additional percentage for 10 years.

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5. It requires that, for property transferred from the Maine Tree Growth Tax Law program to the open space tax program and subsequently withdrawn from all current use tax programs entirely, the tree growth withdrawal penalty rather than the open space withdrawal penalty applies for the first 10 years after transfer.

6. It clarifies that any property within the unorganized territory that was withdrawn from classification under the Maine Tree Growth Tax Law between September 20, 2007 and July 1, 2010 and returned to tree growth classification pursuant to Public Law 2009, chapter 577, section 3 is for all purposes deemed not to have been withdrawn from tree growth classification during that period of time.

LD 1164 An Act To Support Maine Farms and Alleviate Hunger

**DIED ON
ADJOURNMENT**

Sponsor(s)

DION
ALFOND

Committee Report

OTP-AM MAJ
ONTP MIN

Amendments Adopted

H-710

This bill was carried over from the First Regular Session of the 125th Legislature.

This bill provides an income tax credit up to \$5,000 to persons engaged in commercial agricultural production for donations of food to incorporated nonprofit organizations that provide free food to low-income individuals for the purpose of alleviating hunger.

Committee Amendment "A" (H-710)

This amendment changes the bill by reducing the maximum amount of the income tax credit for a donation of agricultural products to \$2,500 and making the credit nonrefundable. It clarifies that an organization receiving the donated food must be exempt from federal income tax under Section 501(c) of the federal Internal Revenue Code or a nonprofit corporation organized under the Maine Revised Statutes, Title 13-B and may not charge a fee for the food or require any other type of compensation. It provides a definition of "low-income individual," clarifies how fair market value of the donation will be determined and prohibits a taxpayer that has claimed a federal deduction for a charitable contribution for the same donation from claiming the credit. It provides for a review of the tax credit by the joint standing committee of the Legislature having jurisdiction over taxation matters no later than April 1, 2018 to determine whether the credit should be continued, repealed or modified. It provides that the changes apply to tax years beginning on or after January 1, 2013.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 1225 An Act To Create an Income Tax Return Checkoff To Fund Cancer Screening, Detection and Prevention

**DIED BETWEEN
HOUSES**

Sponsor(s)

STRANG BURGESS
RAYE

Committee Report

ONTP MAJ
OTP-AM MIN

Amendments Adopted

This bill was carried over from the First Regular Session of the 125th Legislature.

This bill creates a checkoff on the income tax form to allow tax filers to donate to the Comprehensive Cancer