

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 1535 Resolve, Directing the Department of Administrative and Financial Services, Bureau of Revenue Services To Develop a Pilot Project for a Tax Simulation Model for State Dynamic Fiscal Analysis

RESOLVE 114

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT TRAHAN	OTP-AM	H-685

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

This bill requires the Department of Administrative and Financial Services, Bureau of Revenue Services and the Office of Fiscal and Program Review to prepare a dynamic fiscal note for any legislation that involves a tax expenditure or an increase or decrease in tax revenue resulting in a projected direct annual revenue impact of more than \$1,000,000. The dynamic fiscal note must include an analysis of the anticipated effects of any significant behavioral changes expected as a result of the legislation, excluding those reflected in the standard fiscal note, and must analyze any significant secondary and indirect economic effects of the legislation, including the effects on jobs, incomes and capital investment as well as the overall effect on the State's economy. Dynamic fiscal notes are for informational purposes only.

Committee Amendment "A" (H-685)

This amendment changes the bill to a resolve and changes the title. It requires the Department of Administrative and Financial Services, Bureau of Revenue Services to undertake a pilot project to develop and evaluate a tax simulation model for state dynamic fiscal analysis. It allows the bureau to enter into a memorandum of understanding with the University of Maine for the development and evaluation of the pilot project model and it provides an exemption from certain confidentiality requirements related to taxpayer information in order to complete this work. It requires the bureau and the Office of Fiscal and Program Review to submit a joint report with findings and recommendations to the Joint Standing Committee on Taxation by November 15, 2012.

Enacted Law Summary

Resolve 2011, chapter 114 requires the Department of Administrative and Financial Services, Bureau of Revenue Services to undertake a pilot project to develop and evaluate a tax simulation model for state dynamic fiscal analysis. It allows the bureau to enter into a memorandum of understanding with the University of Maine for the development and evaluation of the pilot project model and it provides an exemption from certain confidentiality requirements related to taxpayer information in order to complete this work. It requires the bureau and the Office of Fiscal and Program Review to submit a joint report with findings and recommendations to the Joint Standing Committee on Taxation by November 15, 2012.

LD 1610 An Act To Amend the Law Regarding the Sale of Wood Pellets and Wood

**PUBLIC 670
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCKANE THOMAS	OTP-AM MAJ OTP-AM MIN	H-937

Currently, in order to qualify for the sales tax exemption on the purchase of wood pellets for residential use, customers purchasing more than 200 pounds of wood pellets for residential cooking or heating must sign an affidavit

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or a log. This bill increases the amount of wood pellets presumed to meet the requirement of residential use, and thus to qualify for the sales tax exemption, from 200 pounds to 2,000 pounds.

Committee Amendment "A" (H-727)

This amendment is the majority report of the committee and replaces the bill. This amendment changes the amount of wood pellets presumed to meet the requirement of residential use, and thus to qualify for the sales tax exemption, to 1,000 pounds rather than 2,000 pounds as proposed in the bill. It also provides a presumption of residential use for the purchase of wood. Currently, wood purchased for residential use when bought for cooking and heating is exempt from sales tax. Under this amendment it is presumed that a person who purchases less than a cord of wood is purchasing the wood for residential use for cooking or heating.

Although not adopted, this amendment is incorporated in the Committee of Conference amendment (H-937).

Committee Amendment "B" (H-728)

This amendment is the minority report of the committee and is the same as the majority report except it changes the amount of wood pellets presumed to meet the residential use requirement to 400 pounds rather than 1,000 pounds as proposed by the majority report amendment.

This amendment was not adopted.

House Amendment "A" To Committee Amendment "A" (H-755)

This amendment removes the limit on the amount of wood pellets presumed to be intended for residential use for purposes of sales tax exemption.

Although not adopted, this amendment is incorporated in the Committee of Conference amendment (H-937).

Senate Amendment "A" To Committee Amendment "A" (S-450)

This amendment requires the Maine State Housing Authority to amend its rules governing the awarding of contracts to suppliers of wood pellets to give preference to a supplier of wood pellets that is incorporated under the laws of, and has its principal place of business within, a state in the United States of America.

Although not adopted, this amendment is incorporated in the Committee of Conference amendment (H-937).

Committee of Conference Amendment "B" (H-937)

This amendment incorporates all of the substance of Committee Amendment "A"(H-727), Senate Amendment "A" to Committee Amendment "A" (S-450) and House Amendment "A" to Committee Amendment "A" (H-755). The amendment also clarifies that the preference to United States suppliers of wood pellets is given by the Maine State Housing Authority when all other factors are substantially equal and sets a date of October 1, 2013 as the date when there will be no limit on the amount of wood pellets that are presumed to be intended for residential use for purposes of sales tax exemption.

Enacted Law Summary

The purchase of coal, oil and wood, when bought for residential cooking or heating, is exempt from sales and use tax. Prior to enactment of Public Law, chapter 670 a person purchasing more than 200 pounds wood pellets or of any 100% compressed wood product was required to sign an affidavit or a log kept by the seller to validate the residential use of the purchase in order for the purchaser to receive the sales tax exemption.

Public Law 2011, chapter 670 increases the amount of wood pellets presumed to meet the requirement of residential use from 200 pounds to 1,000 pounds until September 30, 2013. It provides that a purchase of wood pellets in any amount is presumed to meet the requirement of residential use beginning October 1, 2013. It creates a presumption of residential use for a purchase of less than a cord of wood. It also requires the Maine State Housing Authority to,

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when administering the federal low-income Home Energy Assistance Program, give preference to United States suppliers of wood pellets if all other factors are substantially equal.

Public Law 2011, chapter 670 was enacted as an emergency measure effective May 21, 2012.

LD 1641 An Act To Ensure Equal Tax Treatment for Private-pay and ONTP
MaineCare-participating Providers of Residential Care to Persons Who
Are Elderly or Disabled

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

This bill excludes from the service provider tax private nonmedical institutions that provide services reimbursed under MaineCare for persons who are elderly or disabled without specializing in a particular diagnosis.

LD 1653 An Act To Make Fisheries and Wildlife and Marine Resources Projects PUBLIC 675
Eligible for Tax Increment Financing

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAYE	OTP-AM	S-453

This bill authorizes the use of tax increment financing for fisheries and wildlife projects approved by the Department of Inland Fisheries and Wildlife. Projects must be undertaken for the purpose of improving public access to fisheries and wildlife resources of the State for fishing, hunting, research or observation or for conservation or improvement of the fisheries and wildlife resources of the State.

Committee Amendment "A" (S-453)

This amendment replaces the bill and changes the title. It authorizes the use of tax increment financing for marine resources projects approved by the Department of Marine Resources in addition to projects approved by the Department of Inland Fisheries and Wildlife, as authorized in the bill. It adds marine resources projects to the types of tax increment projects that may be undertaken for the purpose of improving public access to fisheries and to the wildlife resources of the State for fishing, hunting, research or observation or for conservation or improvement of the fisheries and wildlife resources of the State. It requires the Department of Marine Resources to adopt rules for establishing the standards for the approval of marine resources projects eligible for tax increment financing. The amendment also adds an appropriations and allocations section.

Enacted Law Summary

Public Law 2011, chapter 675 authorizes the use of tax increment financing for fisheries and wildlife or marine resources projects approved by the Department of Inland Fisheries and Wildlife or the Department of Marine Resources. Projects must be undertaken for the purpose of improving public access to freshwater or saltwater fisheries and wildlife resources of the State for fishing, hunting, research or observation or for conservation or improvement of the freshwater or saltwater fisheries and wildlife resources of the State.