

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.

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Enacted Law Summary

Public Law 2011, chapter 501 modifies Maine's sales and use tax exemption for certain instrumentalities of interstate or foreign commerce to include a bus with a capacity of at least 47 passengers engaged in transporting within the State a bona fide payload of travelers on an interstate or foreign cruise that originates outside the State and terminates outside the State, as long as the transportation is provided pursuant to a contract between the interstate or foreign cruise provider and the person providing the transportation.

LD 1748 An Act To Conform the Maine Tax Laws for 2011 to the United States Internal Revenue Code

**PUBLIC 530
EMERGENCY**

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

This bill updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 so that they refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2011 for tax years beginning on or after January 1, 2011 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986. The bill primarily affects the State's income tax laws.

Enacted Law Summary

Public Law 530 updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 so that they refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2011 for tax years beginning on or after January 1, 2011, and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986.

Public Law 2011, chapter 530 was enacted as an emergency measure effective March 18, 2012.

LD 1749 An Act To Amend the Tax Laws

PUBLIC 644

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT	OTP-AM	H-792

This bill makes the following changes to the laws governing taxation.

1. It extends from 30 days to 60 days the period during which a person who has received a demand to file a delinquent tax return must either file the return or request an extension in order to avoid an enhanced penalty.
2. It provides that the weight limitation for a pickup truck or van included in the definition of "automobile" in the sales and use tax law applies to the gross vehicle weight rating of the vehicle.
3. It removes the requirement that persons who rent or lease temporary retail space must file monthly returns reporting those rentals and replaces it with a tax registration certificate and record-keeping requirement. Additionally, the characteristics of the registration certificates are clarified.

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4. It provides that an amount claimed as an income modification for military survivor benefits may not include an amount representing employee retirement benefits for which an income modification is claimed.
5. It provides that any income recognized on a taxpayer's federal tax return from the new markets capital investment credit is subtracted from federal adjusted gross income for state income tax purposes.
6. It provides that certain refundable tax credits are included for purposes of calculating the taxpayer's alternative minimum tax credit.
7. It provides that certain refundable tax credits may be applied to reduce the taxpayer's alternative minimum tax liability.

Committee Amendment "A" (H-792)

This amendment makes additional changes to the laws governing taxation as follows.

1. It clarifies the State Tax Assessor's responsibilities with regard to special fuel tax obligations reported or assessed under the International Fuel Tax Agreement and provides the statutory authority for the further delegation of those responsibilities to the Secretary of State, including the audit of International Fuel Tax Agreement tax returns and the administrative appeal of International Fuel Tax Agreement assessments. It also clarifies that the International Fuel Tax Agreement governing documents referenced in the Maine special fuel tax law include amendments to those documents that have been adopted as of December 31, 2011.
2. It repeals the requirement for the Bureau of Revenue Services to submit to the Legislature a biennial report on the value of working waterfront land and sales of the land.
3. It repeals the requirement for the Department of Agriculture, Food and Rural Resources and the Bureau of Revenue Services to jointly submit an annual report to the Legislature on federal estate tax changes affecting Maine farmland.
4. It makes changes to the Maine fishery infrastructure investment tax credit. Under current law, a taxpayer may not claim a Maine fishery infrastructure investment tax credit if the taxpayer claims a deduction for the investment under another provision of the Maine income tax law. This amendment replaces this prohibition with an income tax addition modification for individuals and corporations to increase Maine taxable income by the amount of any deduction claimed for expenses that are used to calculate the Maine fishery infrastructure investment tax credit. The change applies retroactively to the effective date of the enactment of the Maine fishery infrastructure investment tax credit. The amendment authorizes the Department of Administrative and Financial Services, Bureau of Revenue Services to disclose information to the Department of Inland Fisheries and Wildlife necessary to administer the Maine fishery infrastructure investment tax credit.
5. It repeals a requirement that the Bureau of Revenue Services submit a report to the Legislature regarding electronic filing mandates.

Enacted Law Summary

Public Law 2011, chapter 644 makes the following changes to the laws governing taxation.

1. It extends from 30 days to 60 days the period during which a person who has received a demand to file a delinquent tax return must either file the return or request an extension in order to avoid an enhanced penalty.
2. It provides that the weight limitation for a pickup truck or van included in the definition of "automobile" in the sales and use tax law applies to the gross vehicle weight rating of the vehicle.
3. It removes the requirement that persons who rent or lease temporary retail space must file monthly returns

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reporting those rentals and replaces it with a tax registration certificate and record-keeping requirement. Additionally, the characteristics of the registration certificates are clarified.

4. It provides that an amount claimed as an income modification for military survivor benefits may not include an amount representing employee retirement benefits for which an income modification is claimed.
5. It provides that any income recognized on a taxpayer's federal tax return from the new markets capital investment credit is subtracted from federal adjusted gross income for state income tax purposes.
6. It provides that certain refundable tax credits are included for purposes of calculating the taxpayer's alternative minimum tax credit.
7. It provides that certain refundable tax credits may be applied to reduce the taxpayer's alternative minimum tax liability.
8. It clarifies the State Tax Assessor's responsibilities with regard to special fuel tax obligations under the International Fuel Tax Agreement and further delegates responsibilities to the Secretary of State. It also clarifies that the International Fuel Tax Agreement governing documents referenced in the Maine special fuel tax law include amendments to those documents that have been adopted as of December 31, 2011.
9. It repeals the requirement for the Bureau of Revenue Services to submit to the Legislature a biennial report on the value of working waterfront land and sales of the land.
10. It repeals the requirement for the Department of Agriculture, Food and Rural Resources and the Bureau of Revenue Services to jointly submit an annual report to the Legislature on federal estate tax changes affecting Maine farmland.
11. It makes changes to the Maine fishery infrastructure investment tax credit. Under current law, a taxpayer may not claim a Maine fishery infrastructure investment tax credit if the taxpayer claims a deduction for the investment under another provision of the Maine income tax law. Public Law 2011, chapter 644 replaces this prohibition with a retroactive income tax addition modification for individuals and corporations to increase Maine taxable income by the amount of any deduction claimed for expenses that are used to calculate the Maine fishery infrastructure investment tax credit, and authorizes the Department of Administrative and Financial Services, Bureau of Revenue Services to disclose information to the Department of Inland Fisheries and Wildlife necessary to administer the Maine fishery infrastructure investment tax credit.
12. It repeals a requirement that the Bureau of Revenue Services submit a report to the Legislature regarding electronic filing mandates.

LD 1750 An Act To Create the Maine Board of Tax Appeals

**PUBLIC 694
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT	OTP-AM MAJ OTP-AM MIN	H-860 S-603 ROSEN R

This bill makes the following changes to the laws governing appeals of decisions of the State Tax Assessor.

1. It provides the means for a taxpayer to consider that a petition for reconsideration has been denied if a