

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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devices.

Enacted Law Summary

Public Law 2011, chapter 526 prohibits the possession of automated sales suppression devices, which alter the amounts of sales made by a business for the purpose of illegally withholding sales taxes paid by customers. It provides that a person who knowingly possesses, purchases or owns any automated sales suppression device or phantom-ware commits a Class D crime. It provides that a person who knowingly manufactures, sells, installs or transfers any automated sales suppression device or phantom-ware or possesses, purchases or owns with the intent to sell, install or transfer any automated sales suppression device or phantom-ware commits a Class C crime.

LD 1809 An Act To Apply the Sales Tax on Camper Trailers and Motor Homes PUBLIC 684
Purchased for Rental in the Same Manner as on Automobiles Purchased
for Rental

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VOLK	OTP-AM MAJ ONTP MIN	H-795

This bill provides that camper trailers and motor homes are not subject to sales tax when purchased by a person engaged in the renting or leasing of those items and subjects the rental of those items to sales tax at the rate of 5%.

Committee Amendment "A" (H-795)

This amendment changes the reference to "camper trailer" to the definition used in the sales and use tax laws instead of the definition used in the property tax laws and adds an effective date.

Enacted Law Summary

Public Law 2011, chapter 684 provides that the purchase of camper trailers and motor homes are not subject to sales tax when purchased by a person engaged in the renting or leasing of those items and instead subjects the rental of those items to sales tax at the rate of 5%.

Public Law 2011, chapter 684 is effective October 1, 2012.

LD 1826 An Act To Revise the Income Tax Return Checkoffs PUBLIC 685

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ OTP-AM MIN	H-880

This bill is the majority report of the Joint Standing Committee on Taxation pursuant to Joint Order H.P. 1324.

It eliminates the voluntary contributions checkoffs from the Maine income tax return due in 2014 for tax years beginning on or after January 1, 2013. The bill eliminates voluntary contributions checkoffs for political parties, the Maine Endangered and Nongame Wildlife Fund, the Companion Animal Sterilization Fund, the Maine Children's Trust Incorporated, the Bone Marrow Screening Fund, the Maine Military Family Relief Fund, the Maine Veterans' Memorial Cemetery Maintenance Fund and the Maine Asthma and Lung Disease Research Fund, which are currently included in Part A of Schedule CP of the Maine income tax return. It requires the Department of

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Administrative and Financial Services, Bureau of Revenue Services to notify the entities to which payments are made as a result of the voluntary contributions checkoffs that, beginning in 2014, the schedule for these checkoffs will be eliminated from the Maine income tax return for tax years beginning on or after January 1, 2013. It requires the Bureau of Revenue Services to consult with these entities to identify statutory changes necessary as a result of this bill and, no later than December 15, 2012, to submit a bill to the First Regular Session of the 126th Legislature with those changes.

Committee Amendment "A" (H-880)

This amendment is the minority report of the Joint Standing Committee on Taxation.

This amendment replaces the bill and changes the title. It eliminates the checkoffs for contributions to political parties from the Maine income tax return for tax years beginning on or after January 1, 2012. It establishes the Maine Public Library Fund and an income tax checkoff to support free public libraries in the State. It prohibits the State Tax Assessor from including on the individual income tax return form a designation for a taxpayer to make a contribution through a checkoff if, in the previous year, the total contributions to the organization or fund to which the contributions are credited were not at least \$10,000 in calendar year 2012. The required minimum amount of contributions through the checkoff increases by \$3,000 each year until the minimum level of contributions reaches \$25,000 in calendar year 2017 and subsequent years. The amendment repeals provisions permitting a taxpayer to make a contribution through a checkoff in an amount less than \$5. It requires the State Tax Assessor to determine annually the total amount contributed to each fund or organization through a checkoff and to deduct the cost of administering the checkoff for the organization or fund before reporting the remainder to the Treasurer of State, who is required to forward that amount to the designated organization or fund. The amendment removes statutory limits on the amounts that may be deducted for administrative costs. It requires the joint standing committee of the Legislature having jurisdiction over taxation matters to, by April 1, 2017, review data regarding contributions made through checkoffs and the costs to the Department of Administrative and Financial Services, Bureau of Revenue Services for administration of the checkoffs and authorizes the committee to submit a bill to the 128th Legislature to implement any recommendations resulting from the review. This amendment also adds an appropriations and allocations section to the bill.

Enacted Law Summary

Public Law 2011, chapter 685 makes the following changes related to voluntary contributions checkoffs on the Maine income tax return.

1. It eliminates the checkoffs for contributions to political parties from the Maine income tax return for tax years beginning on or after January 1, 2012.
2. It establishes the Maine Public Library Fund and an income tax checkoff to support free public libraries in the State.
3. It prohibits the State Tax Assessor from including on the individual income tax return form a designation for a taxpayer to make a contribution through a checkoff if, in the previous year, the total contributions to the organization or fund to which the contributions are credited were not at least \$10,000 in calendar year 2012. The required minimum amount of contributions through the checkoff increases by \$3,000 each year until the minimum level of contributions reaches \$25,000 in calendar year 2017 and subsequent years.
4. It repeals provisions permitting a taxpayer to make a contribution through a checkoff in an amount less than \$5.
5. It requires the State Tax Assessor to determine annually the total amount contributed to each fund or organization through a checkoff and to deduct the cost of administering the checkoff for the organization or fund before reporting the remainder to the Treasurer of State, who is required to forward that amount to the designated organization or fund. It repeals statutory limits on the amounts that may be deducted for administrative costs.

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6. It requires the joint standing committee of the Legislature having jurisdiction over taxation matters, by April 1, 2017, to review data regarding contributions made through checkoffs and the costs to the Department of Administrative and Financial Services, Bureau of Revenue Services for administration of the checkoffs and authorizes the committee to submit a bill to the 128th Legislature to implement any recommendations resulting from the review.

LD 1835 An Act To Restore Equity in Revenue Sharing

PUBLIC 656

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ALFOND	OTP-AM MAJ ONTP MIN	S-501

This bill changes the distribution of revenue-sharing funds from the Disproportionate Tax Burden Fund, commonly referred to as "revenue sharing 2," from municipalities with an equalized property tax rate exceeding 10 mills to municipalities with an equalized property tax rate exceeding the statewide average property tax rate.

Committee Amendment "A" (S-501)

This amendment implements over several years a change in the distribution of revenue-sharing funds from the Disproportionate Tax Burden Fund, commonly referred to as "revenue sharing 2," from municipalities with an equalized property tax rate exceeding 10 mills to municipalities with an equalized property tax rate exceeding the statewide average property tax rate. The phased-in change may occur only if the total revenue-sharing distribution as established in statute is being provided without reduction or transfer. In addition, the adjustment of the reduction factor in the revenue sharing 2 distribution formula from 10 mills to the statewide average property tax rate is accomplished through an adjustment of no more than 1/2 of one mill per year until the statewide average property tax rate is reached.

Enacted Law Summary

Public Law 2011, chapter 656 implements over several years a change in the distribution of revenue-sharing funds from the Disproportionate Tax Burden Fund, commonly referred to as "revenue sharing 2," from municipalities with an equalized property tax rate exceeding 10 mills to municipalities with an equalized property tax rate exceeding the statewide average property tax rate. The phased-in change may occur only if the total revenue-sharing distribution as established in statute is being provided without reduction or transfer. In addition, the adjustment of the reduction factor in the revenue sharing 2 distribution formula from 10 mills to the statewide average property tax rate is accomplished through an adjustment of no more than 1/2 of one mill per year until the statewide average property tax rate is reached.

LD 1847 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2012-13

**PUBLIC 591
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-804

This bill is submitted pursuant to Title 36, section 1604.

It establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The determination of the municipal cost components is necessary for the