

MAINE STATE LEGISLATURE

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STATE OF MAINE
126TH LEGISLATURE
FIRST REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

July 2013

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STATE OF MAINE

126TH LEGISLATURE
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LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contains summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 126th 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 126th Legislature is October 9, 2013. 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 561 An Act To Support Maine Farms and Alleviate Hunger

ONTP

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

This bill provides an income tax credit for a donation of agricultural products with a fair market value of up to \$5,000 made by a person engaged in commercial agricultural production to a nonprofit corporation that provides food to low-income individuals and that does not charge a fee for the food or require any other type of compensation. The credit is repealed December 31, 2017.

LD 562 An Act Related to Service Charges in Lieu of Property Taxes on Tax-exempt Property

ONTP

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

This bill permits municipalities to impose service charges on tax-exempt property owned by nongovernmental institutions and organizations other than educational institutions, houses of worship and parsonages. Service charges must be calculated to cover the cost of services provided and be based on the square footage of building space occupied by the institution or organization unless the municipality determines that a different measure more accurately represents the cost of services for which the charge is imposed. Service charges may be imposed to cover the cost of any services provided by the municipality to the property other than education or general assistance. The bill repeals an existing service charge law that applies to a limited class of property that would be covered under this bill.

LD 563 An Act To Clarify Tax Increment Financing

PUBLIC 184

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROCHELO DUTREMBLE	OTP-AM	H-193

This bill makes changes to the tax increment financing laws to accomplish the following.

1. It amends the definition of "original assessed value" to provide that it means the taxable assessed value of a development district.
2. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for tax increment financing districts within a county and the requirement that acquisition of real and personal property financed by municipal indebtedness must be completed within 8 years of the approval of a district.
3. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district.
4. It expands the capital costs allowed for an eligible commercial development district and the costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located and permits the use of funds for economic development grants.

Joint Standing Committee on Taxation

5. It permits a municipality or plantation to delay the operational functioning of a tax increment financing district until the tax year following the tax year in which the district takes effect.

6. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body of a municipality or plantation to finance the cost of a development program within a development district.

Committee Amendment "A" (H-193)

This amendment replaces the bill and changes it as follows.

1. It provides that the municipal vote provides the date for determining the original assessed value for development districts and allows flexibility in the review and approval timing by the Department of Economic and Community Development.

2. It retains language pertaining to a statutory cap on areas that may be included in a development district to maintain an exclusion that exists in current law.

3. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district and ties the start of the 30-year period to the date the municipality or plantation begins the operational function of the development program.

4. It removes the provision in the bill that allows as a proposed project cost capital costs for an eligible commercial development district.

5. It clarifies that the proposed project costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located may include scholarships for tuition at in-state educational institutions or online learning entities when in-state options are not available.

6. It removes the provision that permits a municipality or plantation to delay the operational functioning of a tax increment financing district until a later tax year and allows the municipality or plantation to continue spending tax increment financing revenues for 3 years following the final year of the tax increment financing district.

7. It permits a municipality or plantation to determine the starting date of the development program, which may be the current tax year or a subsequent tax year as specified in the development program.

Enacted Law Summary

Public Law 2013, chapter 184 changes to the tax increment financing laws to accomplish the following.

1. It requires that the municipal vote provides the date for determining the original assessed value for development districts and allows flexibility in the review and approval timing by the Department of Economic and Community Development.

2. It amends the definition of "original assessed value" to provide that it means the taxable assessed value of a development district.

3. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for tax increment financing districts within a county and the requirement that acquisition of real and personal property financed by municipal indebtedness must be completed within 8 years of the approval of a district.

4. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district.

Joint Standing Committee on Taxation

- 5. It permits a municipality or plantation to delay the operational functioning of a tax increment financing district until the tax year following the tax year in which the district takes effect.
- 6. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body of a municipality or plantation to finance the cost of a development program within a development district.
- 7. It clarifies that the proposed project costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located may include scholarships for tuition at in-state educational institutions or online learning entities when in-state options are not available.

LD 614 An Act To Adjust Fuel Taxes To Improve Sustainability ONTP

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

This bill changes the excise tax on gasoline, distillates and low-energy fuel from a fixed amount per gallon to a formula that includes a fixed amount per gallon plus 5% of the retail value of that gallon.

LD 624 An Act To Encourage Local Business Involvement in Local Schools ONTP

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

This bill provides a nonrefundable income tax credit to a qualified employer equal to the amount expended on a qualified adopt-a-school activity that benefits a public elementary or secondary school. The credit may not exceed 50% of the tax liability of the qualified employer for the taxable year before application of the credit. A qualified adopt-a-school activity includes contributing cash; donating supplies, equipment or other tangible property; providing services to a student at a qualified school at no profit to the qualified employer; providing employees of the qualified employer with paid time off to volunteer at a qualified school; and providing an internship for a student enrolled in a qualified school.

LD 631 An Act To Change the Taxes on Fuel Purchased for Use Other Than on the Highways CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T	ONTP OTP-AM	

This bill changes the taxes on fuel purchased for use other than for vehicles used on the highways of this State from 1¢ per gallon plus 5% use tax to 5¢ per gallon with no use tax.

Committee Amendment "A" (S-20)

This amendment, which is the minority report, clarifies that a tax on sales, storage or use may not be collected upon or in connection with internal combustion engine fuel or special fuel for which a person has received a refund under the Maine Revised Statutes, Title 36, section 2908 or 3218.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over