

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

STAFF:

ELIZABETH F. COOPER, LEGISLATIVE ANALYST
GREGORY CONNORS, LEGISLATIVE ANALYST
OFFICE OF FISCAL AND PROGRAM REVIEW
5 STATE HOUSE STATION
AUGUSTA, ME 04333
(207) 287-1635

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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 1446 An Act To Review Tax Expenditures on a Revolving Basis

**LEAVE TO
WITHDRAW**

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

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters to review tax expenditures on an 8-year cycle. The bill also requires analysis by the committee of the process for review of tax expenditures and a determination of the most effective way to identify the purpose of each tax expenditure, methods of evaluating the tax expenditures and the best method of ensuring effective review of tax expenditures including the advisability of subjecting each tax expenditure to a periodic automatic repeal with legislation needed to keep the tax expenditure in operation. The committee is directed to submit legislation to implement the results of its review to the Second Regular Session of the 126th Legislature.

LD 1463 An Act To Examine Best Practices Relating to Tax Expenditures

CARRIED OVER

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

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to direct the Joint Standing Committee on Taxation to examine best practices relating to tax expenditures. The committee will examine various approaches to tax expenditures, including but not limited to placing a cap on tax expenditures and developing expenditure budgets, in order to determine the best way to achieve the goals of tax expenditures in the most effective and efficient manner possible and to ensure transparency and accountability.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

LD 1477 An Act To Impose a Temporary One Percent Sales Tax for Education and Revenue Sharing

ONTP

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

This bill imposes an additional 1% sales and use tax on items of personal property and taxable services currently subject to the 5% sales and use tax. The additional tax is collected and remitted and is subject to the same requirements as the 5% sales and use tax. Of the revenue generated by the 1% sales and use tax, 70% is transferred to general purpose aid for local schools and 30% is transferred to the Local Government Fund to be used for revenue sharing. If the amount of revenue generated in a fiscal year exceeds \$280,000,000, the excess amount is transferred for revenue sharing.

The additional 1% sales and use tax may be decreased to 0.5% and then eliminated if General Fund revenues for any fiscal year, as determined by the State Controller at the close of the fiscal year, exceed those of the previous

Joint Standing Committee on Taxation

fiscal year by 8% or more for that fiscal year.

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters, each time the additional sales and use tax is decreased, to examine the sales tax exemptions and determine whether those sales tax exemptions serve a purpose beneficial to the State that outweighs the cost of those sales tax exemptions.

LD 1478 An Act To Avoid Potential Loss of Revenue by Municipalities and the Unorganized Territory from Donated Property **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON D TUTTLE	ONTP	

This bill provides that the property tax exemption for publicly owned property does not apply to property donated to a public entity on or after October 1, 2013 unless the donation is approved by the legislative body of the municipality where the property is located or, in the case of property located in the unorganized territory, by the county commissioners of the county where the property is located or the donor establishes an account to make payments in lieu of taxes.

LD 1488 An Act To Create a Tax Expenditures Budget Process **ONTP**

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

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters to review all tax expenditures in odd-numbered years and submit a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs recommending retention, amendment or repeal of tax expenditures described in the biennial report to the committee by the Department of Administrative and Financial Services, Bureau of Revenue Services. The bill also requires gross unified budget bills to include a part indicating the Legislature's support for tax expenditures and requires the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs to consider the report from the joint standing committee of the Legislature having jurisdiction over taxation matters when reviewing that part of the budget bill.

LD 1496 An Act To Modernize and Simplify the Tax Code **ONTP**

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

This bill is a concept draft pursuant to Joint Rule 208.

This bill would overhaul Maine's tax code. It is designed to raise a larger share of tax revenues from nonresidents, while relieving the tax burden on year-round residents. The bill reduces Maine state income taxes, corporate income taxes and homestead property taxes; moderates the regressivity of sales and property taxes on lower-income households; stabilizes tax revenues; and creates a more attractive tax environment for individuals and businesses that locate in Maine. Because nonresidents share many of the benefits of Maine's communities, roads, hospitals, environment and quality of life while they are here, while avoiding many of the taxes paid by residents only, the reforms also reflect a fairer apportionment of government costs.