

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
126<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION



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

**JOINT STANDING COMMITTEE ON TAXATION**

May 2014

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**STATE OF MAINE**  
**126<sup>TH</sup> LEGISLATURE**  
**SECOND REGULAR SESSION**  
**LEGISLATIVE DIGEST OF BILL SUMMARIES AND**  
**ENACTED LAWS**

The *Digest* is arranged 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.

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 Second Regular Session of the 126<sup>th</sup> Legislature is August 1, 2014. 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 1751**

### **An Act To Provide Property Tax Relief to Maine Residents**

**PUBLIC 551**

Sponsor(s)

EVES  
ALFOND

Committee Report

OTP-AM

Amendments Adopted

H-785

This bill creates the Property Tax Fairness Fund to create a mechanism for increasing the cap on the tax credit available under the property tax fairness credit. Currently, the cap on the credit is \$300 for eligible residents under 70 years of age and \$400 for eligible residents 70 years of age and older.

This bill requires 10% of the unappropriated General Fund surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made and 20% of the amount by which General Fund budgeted revenue for that fiscal year exceeds the General Fund appropriation limitation calculated for that fiscal year to be transferred to the Property Tax Fairness Fund. The bill also decreases the amount of the unappropriated surplus transferred to the Tax Relief Fund for Maine Residents for income tax rate reductions from 20% to 10% and the amount of the excess General Fund budgeted revenue from 40% to 20%.

Annually, the State Controller is required to notify the State Tax Assessor of the amount available in the Property Tax Fairness Fund. Based on that amount, the State Tax Assessor is required to increase the maximum credit available under the property tax fairness credit in equal amounts for residents under 70 years of age and 70 years of age and older. The higher caps apply to the income tax year immediately following the increase.

#### **Committee Amendment "A" (H-785)**

This amendment strikes the bill and makes the following changes to the Maine resident property tax fairness credit for tax years beginning on or after January 1, 2014.

1. It changes the definition of "income" that is considered in determining eligibility for the credit by starting with an adjustment to federal adjusted gross income, corresponding to federal total income as reported on the individual's federal income tax return, increased by nontaxable social security and railroad retirement benefits, tax exempt interest, certain deductions and certain business and capital losses.
2. It changes the formula for calculating the amount of the credit by providing that benefits are equal to 50% of the amount by which the benefit base exceeds 6% of the individual's income up to a maximum benefit of \$600 for filers under 65 years of age and \$900 for filers 65 years of age and older. The benefit base is the amount of property taxes or rent constituting property taxes up to a maximum of \$2,000 for single filers, \$2,600 for joint filers and head of household filers claiming no more than two personal exemptions, \$3,200 for joint filers and head of household filers claiming three or more personal exemptions and, for married individuals filing separately, 1/2 of the benefit base limitation amount applicable to married individuals filing jointly.
3. It changes the portion of rent constituting property taxes from 25% to 15% and removes the exclusion of persons whose rent is subsidized by government programs.
4. It provides that the benefit base maximum amounts will be adjusted annually for inflation for tax years beginning after 2015.
5. It provides funding to cover administrative costs to implement the changes to the property tax fairness credit.

#### **Enacted Law Summary**

Public Law 2013, chapter 551 makes the following changes to the Maine resident property tax fairness credit for tax

## *Joint Standing Committee on Taxation*

years beginning on or after January 1, 2014.

1. It changes the definition of "income" that is considered in determining eligibility for the credit by starting with an adjustment to federal adjusted gross income, corresponding to federal total income as reported on the individual's federal income tax return, increased by nontaxable social security and railroad retirement benefits, tax exempt interest, certain deductions and certain business and capital losses.
2. It changes the formula for calculating the amount of the credit by providing that benefits are equal to 50% of the amount by which the benefit base exceeds 6% of the individual's income up to a maximum benefit of \$600 for filers under 65 years of age and \$900 for filers 65 years of age and older. The benefit base is the amount of property taxes or rent constituting property taxes up to a maximum of \$2,000 for single filers, \$2,600 for joint filers and head of household filers claiming no more than two personal exemptions, \$3,200 for joint filers and head of household filers claiming three or more personal exemptions and, for married individuals filing separately, 1/2 of the benefit base limitation amount applicable to married individuals filing jointly.
3. It changes the portion of rent constituting property taxes from 25% to 15% and removes the exclusion of persons whose rent is subsidized by government programs.
4. It provides that the benefit base maximum amounts will be adjusted annually for inflation for tax years beginning after 2015.
5. It provides funding to cover administrative costs to implement the changes to the property tax fairness credit.

### **LD 1754      Resolve, To Require a Study of the Payment of Motor Vehicle Excise Tax by Public Utilities**

**INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARVELL	OTP-AM OTP-AM	H-774

This bill treats public utilities like other corporations and partnerships by requiring the payment of excise tax to the place where the owner has a permanent location where its motor vehicles are kept rather than the place in which the public utility's main office is located.

#### **Committee Amendment "A" (H-774)**

This resolve, which is the majority report of the committee, establishes the Study Group to Evaluate the Payment of Motor Vehicle Excise Tax by Public Utilities to study and analyze current law regarding the location of payment of motor vehicle excise tax by public utilities as compared to other corporations. The study group is required to report the results of its study and analysis to the Joint Standing Committee on Taxation for presentation to the joint standing committee of the Legislature having jurisdiction over taxation matters of the First Regular Session of the 127th Legislature. The committee is authorized to submit legislation related to the report pursuant to the joint rules.

This bill, as amended by Committee Amendment "A," was placed on the Special Study Table pending enactment, removed from the table and indefinitely postponed.

### **LD 1785      An Act To Make Consistent the Sales and Use Tax Imposed on Various Fuels Used To Heat Buildings for Human Habitation**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T STANLEY	ONTP	