

MAINE STATE LEGISLATURE

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STATE OF MAINE
126TH 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
126TH 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 HOUSESHouse & 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
EMERGENCYenacted 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 126th 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

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	

Joint Standing Committee on Taxation

This bill permits hotels to be eligible for the sales tax exemption for gas used for cooking and heating buildings designed and used for both human habitation and sleeping.

LD 1795 An Act To Remove Medical and Dental Expenses from the Itemized Deduction Cap

**Died On
Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT BURNS	OTP-AM	H-767

This bill removes medical and dental expenses included in an individual's federal itemized income tax deductions from the \$27,500 cap on state itemized deductions for tax years beginning on or after January 1, 2014.

Committee Amendment "A" (H-767)

This amendment provides allocations to the Department of Administrative and Financial Services, Bureau of Revenue Services to increase contingent-fee funding for contracted tax collection services to hire 8 additional collectors and improve automated collection functions.

This bill was placed on the Special Appropriations Table and died on adjournment. The substance of this bill was enacted in a supplemental budget bill, Public Law 2013, chapter 595, Part T. (See LD 1858.)

LD 1803 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2014-15

**PUBLIC 522
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-748

This bill establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Committee Amendment "A" (H-748)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2013, chapter 522 establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Public Law 2013, chapter 522, was enacted as an emergency measure effective April 5, 2014.