

STATE OF MAINE
125TH LEGISLATURE
FIRST REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

July 2011

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LD 6 An Act To Provide a Sales Tax Exemption for Bags Provided by Redemption Centers for Returnable Containers

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN	OTP-AM	S-11

This bill exempts from sales tax plastic bags used by redemption centers to sort, store and transport returnable beverage containers.

Committee Amendment "A" (S-11)

This amendment adds an emergency preamble and emergency clause and makes the bill retroactive to January 1, 2004. It also clarifies that the plastic bags must be sold to licensed redemption centers and used to sort, store or transport beverage containers to qualify for the exemption.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part FFFF.

LD 7 An Act Concerning Taxation of Automobile Manufacturers' Rebates

ONTP

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

This bill provides that sales tax is not applied to automobile manufacturers' rebates when those rebates are assigned by the purchaser to the retailer.

LD 9 An Act To Reduce Income Tax to 4.5% and Remove Low-income Families from Taxation

ONTP

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

This bill requires the transfer to the Tax Relief Fund for Maine Residents, beginning in fiscal year 2012-13, of any growth in General Fund revenues over the previous fiscal year adjusted by the growth limitation factor. Money in the fund must be used to reduce the overall individual income tax burden by reducing the tax rates until the top rate is reduced to 4.5% and increasing to \$30,000 the income threshold below which families do not pay income tax.

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LD 21 An Act To Exempt from the Sales Tax Meals Provided at Retirement Facilities

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCKANE TRAHAN	OTP-AM	H-166 S-80 TRAHAN

This bill exempts from the sales tax meals provided to residents of full-service retirement facilities and applies the exemption retroactively to transactions for which an assessment was not made before April 1, 2009. The bill includes an effective date of October 1, 2011.

Committee Amendment "A" (H-166)

This amendment changes the retroactive date in the bill from April 1, 2009 to January 1, 2010.

Senate Amendment "A" (S-80)

This amendment specifies that the sales tax exemption in the bill applies only when participation in the meal program is a condition of occupancy of the retirement facility or the meal program is paid for as part of a comprehensive fee.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part DDDD.

LD 22 An Act To Improve the Maine Seed Capital Tax Credit

PUBLIC 454

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VALENTINO	ONTP MAJ OTP-AM MIN	H-217

This bill changes the Maine Seed Capital Tax Credit Program for tax years beginning on or after January 1, 2012 by increasing the existing credit from 40% of an eligible investment to 60% and applying it uniformly across the State rather than basing it on unemployment rates. The bill eliminates the up-front tax credit for investors in certain private venture capital funds and authorizes a refundable tax credit of 50% for investments in eligible businesses by private venture capital funds in the current amount of \$30,000,000 that the Finance Authority of Maine may issue. Any income recognized on a taxpayers federal tax return from the refundable tax credit is subtracted from federal adjusted gross income for state income tax purposes. The bill requires the Finance Authority of Maine to report annually to the joint standing committee of the Legislature having jurisdiction over taxation matters on activity in the program in the prior year.

Committee Amendment "A" (H-217)

This amendment, which is the minority report of the committee, incorporates a fiscal note.

Enacted Law Summary

Public Law 2011, chapter 454 changes the Maine Seed Capital Tax Credit Program for tax years beginning on

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or after January 1, 2012 by increasing the existing credit from 40% of an eligible investment to 60% and applying it uniformly across the State rather than basing it on unemployment rates. Public Law 2011, chapter 454 eliminates the up-front tax credit for investors in certain private venture capital funds and authorizes a refundable tax credit of 50% for investments in eligible businesses by private venture capital funds in the current amount of \$30,000,000 that the Finance Authority of Maine may issue. Any income recognized on a taxpayer's federal tax return from the refundable tax credit is subtracted from federal adjusted gross income for state income tax purposes. Public Law 2011, chapter 454 requires the Finance Authority of Maine to report annually to the joint standing committee of the Legislature having jurisdiction over taxation matters on activity in the program in the prior year.

LD 42 An Act Regarding the Tax on Fuel Used for Commercial Agriculture, Fishing and Forestry ONTP

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

Current law allows a person who purchases and uses fuel for any commercial use, other than in a motor vehicle on the highways of the State or for aircraft, to apply for a refund of the excise tax paid on that fuel, less 1¢ per gallon. Any fuel that qualifies for a refund is then subject to the state use tax of 5%.

This bill allows a person who purchases and uses fuel for commercial fishing, forestry or agriculture purposes to apply for a refund of the excise tax paid, less 5¢ per gallon; such fuel is also exempt from the use tax. All fuel used for other commercial purposes remains eligible for a refund of the excise tax, less 1¢ per gallon, and subject to the use tax.

LD 52 An Act To Dedicate a Percentage of the Sales and Use Tax on Motor Vehicles and Motor Vehicle Parts to the Highway Fund Carried Over

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CEBRA THOMAS		

This bill provides that 20% of the sales or use tax on motor vehicles and motor vehicle parts must be transferred to the Highway Fund beginning in 2012.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

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LD 59 An Act To Provide Sales Tax Exemption or Refund on Parts and Supplies Purchased To Operate Windjammers

PUBLIC 425

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAZUREK RECTOR	OTP-AM MAJ ONTP MIN	H-72 S-338 ROSEN R

This bill authorizes a sales tax refund or exemption certificate for purchases of parts and supplies used for the operation, repair or maintenance of a windjammer that is used to carry cargo or passengers for a fee.

Committee Amendment "A" (H-72)

This amendment provides that parts and supplies must be used primarily and directly for a windjammer, provides a more accurate definition of "windjammer" and requires a windjammer to be based in this State in order to qualify for a sales tax exemption or refund.

Senate Amendment "A" (S-338)

This amendment delays implementation of this legislation until October 1, 2012 and adds an appropriations and allocations section.

Enacted Law Summary

Public Law 2011, chapter 425 authorizes a sales tax refund or exemption certificate for purchases of parts and supplies used for the operation, repair or maintenance of a windjammer that is used primarily for providing overnight passenger cruises for a fee. It takes effect October 1, 2012 and applies to the purchases of parts and supplies made on or after October 1, 2012.

LD 79 An Act To Base the Excise Tax on Vehicles on a Percentage of the Manufacturer's Suggested Retail Price

**MAJORITY
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT SHERMAN	ONTP MAJ OTP-AM MIN	

Current law requires the excise tax paid on motor vehicles to be based on the manufacturer's suggested retail price, regardless of the amount actually paid for the motor vehicle.

This bill instead requires the excise tax to be based on 90% of the manufacturer's suggested retail price for the motor vehicle, regardless of the amount actually paid for the motor vehicle.

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LD 88 An Act To Streamline Purchasing by Entities Exempt from Sales Tax ONTP

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

This bill requires the State Tax Assessor to post a list containing information about sales tax exemption certificates on a publicly accessible website to assist retailers and purchasers in identifying valid exempt purchases.

**LD 117 An Act To Amend the Location of Motor Vehicle Excise Tax Collection MAJORITY
for Motor Vehicles Owned by Public Utilities (ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARVELL SAVIELLO	ONTP MAJ OTP MIN	

This bill treats public utilities like other corporations and partnerships for purposes of motor vehicle excise taxation by changing the location of payment of the tax by those utilities from the place where the owner has its registered or main office to the place where the owner has a permanent location where the vehicle is kept.

**LD 119 An Act To Allow a Tax Credit for Students Enrolled in Postsecondary ONTP
Nondegree Programs**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CEBRA SNOWE-MELLO	ONTP	

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

This bill proposes to amend the educational opportunity tax credit to allow a credit for tuition paid for postsecondary education courses taken as part of a nondegree program, such as the Aspirations Program offered by the University of Maine.

**LD 131 An Act To Change the Threshold for Qualification for a Sales Tax ONTP
Resale Certificate**

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

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This bill changes the threshold for the requirement to obtain a sales tax resale certificate from \$3,000 to \$500.

LD 140 An Act To Eliminate the Restriction on Net Operating Loss Carry-forwards DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HUNT	OTP-AM A OTP B ONTP C	H-255

Current federal law allows a person to carry forward net operating losses from one tax year to the next. Maine law puts a 3-year moratorium on the carrying forward of net operating losses for tax years 2009, 2010 and 2011, requiring that the amount subtracted for federal income tax purposes be added back into income for purposes of computing Maine income tax. This bill eliminates the requirement that net operating losses be added back into Maine income for tax years beginning in 2011.

Committee Amendment "A" (H-255)

This amendment adds provisions to ensure that corporations as well as individuals are eligible to claim net operating losses as income tax deductions for tax years beginning in 2011 and makes technical corrections related to net operating loss recapture provisions.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 147 Resolve, To Provide \$1,000,000 to the Fund for the Efficient Delivery of Local and Regional Services ONTP

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

This resolve transfers \$1,000,000 to the Fund for the Efficient Delivery of Local and Regional Services on a one-time basis. This fund, which was established to assist those municipalities that collaborate with other municipalities, counties or state agencies to obtain savings in the cost of delivering local and regional governmental services, was previously funded by transfers based on 2% of the funds set aside for state-municipal revenue sharing. That funding mechanism was repealed by the 124th Legislature in Public Law 2009, chapter 213, Part S, section 8. This one-time transfer will reduce the amounts set aside in the Local Government Fund for distribution to municipalities in October 2011 under the main revenue sharing distribution and will not affect amounts to be distributed from the Disproportionate Tax Burden Fund, commonly referred to as "Revenue Sharing II."

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LD 149 An Act To Authorize Municipalities To Impose Service Charges on Tax-exempt Property Owned by Certain Nonprofit Organizations ONTP

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

This bill authorizes municipalities to impose service charges on owners of certain real property that is currently exempt from property tax if those owners or other users of the property receive more than \$150,000 in gross annual revenue.

LD 164 An Act To Extend the Dental Care Access Credit for Dentists Who Practice in Underserved Areas of the State PUBLIC 434

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT LANGLEY	OTP-AM	H-35 S-341 ROSEN R

This bill extends the dental care access income tax credit by permitting the certification of an additional 5 dentists annually through 2015.

Committee Amendment "A" (H-35)

This amendment lowers the credit from \$15,000 to \$12,000 for dentists determined to be eligible after December 31, 2010 and allows 6 rather than 5 dentists to be certified for eligibility for the credit each year. It extends the sunset date for the program until December 31, 2020. It allows a dentist who is currently certified for a credit at a certain level to maintain that level of credit.

Senate Amendment "A" To Committee Amendment "A" (S-341)

This amendment incorporates changes made by House Amendment "A" to Committee Amendment "A," strikes the emergency preamble and emergency clause from the bill and delays the changes made in Committee Amendment "A" by one year.

Enacted Law Summary

Public Law 2011, chapter 434 extends the dental care access income tax credit by permitting the certification of an additional 6 dentists annually through 2015. It lowers the credit from \$15,000 to \$12,000 for dentists determined to be eligible on or after January 1, 2012 and allows a dentist who is currently certified for a credit at a certain level to maintain that level of credit. It extends the sunset date for the program until December 31, 2020.

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LD 176 An Act Regarding Sales and Use Tax Audit Procedures and Enforcement ONTP

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

This bill prohibits the retroactive assessment of sales and use tax when a taxpayer who should have collected or paid the tax does not have reason to know that sales or use tax applies to that type of transaction. The bill specifies situations in which a person has reason to know that a sales or use tax applies.

LD 185 An Act To Refund the Sales Tax Paid on Fuel Used in Commercial Groundfishing Boats DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACDONALD TRAHAN	OTP-AM	H-53 H-87 MACDONALD

This bill requires the refund of sales tax on purchases of fuel for use in a commercial fishing vessel and permits the issuance of a certificate permitting the purchases of such fuel without paying sales tax if the purchaser obtains a certificate verifying eligibility from the State Tax Assessor.

Committee Amendment "A" (H-53)

This amendment limits the tax refund proposed in the bill to the tax paid on fuel for commercial groundfishing boats. It also adds a section to exclude this type of purchase from the use tax as well.

House Amendment "A" To Committee Amendment "A" (H-87)

This amendment expands the tax refund proposed in Committee Amendment "A" to apply to all commercial fishing vessels. The House Amendment provides the credit as provided for in the original bill.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part EEEE.

LD 191 An Act To Define Lienholder Rights under the Maine Tree Growth Tax Law MAJORITY (ONTP) REPORT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CUSHING SCHNEIDER	ONTP MAJ OTP-AM MIN	

This bill requires a tax assessor to notify a lienholder that requests notification for land classified under the Maine Tree Growth Tax Law at the same time the landowner is notified of the need to provide information about a forest

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management and harvest plan.

The minority report clarifies that if a lienholder requests notification for land classified under the Maine Tree Growth Tax Law at the same time the landowner is notified of the need to provide information about a forest management and harvest plan, the notification requirements apply to both the landowner and lienholder rather than one or the other as stated in the bill. It also requires the lienholder to reimburse the municipality or assessor providing the notification for all expenses associated with the service. This minority report was not adopted.

LD 195 An Act To Provide Relief from Estate Tax Valuation Requirements for Surviving Spouses ONTP

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

This bill requires the State Tax Assessor to waive the requirement that a surviving spouse provide a valuation of an estate if there is no reasonable likelihood that an estate tax is owed on the estate.

LD 205 An Act To Provide a Sales Tax Exemption to Incorporated Nonprofit Performing Arts Organizations HELD BY GOVERNOR

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GERZOFSKY	OTP-AM MAJ ONTP MIN	S-342 ROSEN R S-90

This bill provides a sales tax exemption for sales to incorporated nonprofit performing arts organizations.

Committee Amendment "A" (S-90)

This amendment adds an effective date of October 1, 2011.

Senate Amendment "A" To Committee Amendment "A" (S-342)

This amendment changes the effective date from October 1, 2011 to October 1, 2012.

Enacted Law Summary

This bill was enacted but as of this printing, had not been acted upon by the Governor and, pursuant to Art. IV, Part 3rd, Sec. 2 of the Maine Constitution, currently has no final disposition. It provides a sales tax exemption, beginning October 1, 2012, for sales to incorporated nonprofit performing arts organizations.

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LD 229 An Act To Protect Homeowners Concerning Property Liens ONTP

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

This bill requires the municipal treasurer to notify a delinquent property taxpayer if a 3rd party pays any portion of the tax, interest and costs during the foreclosure process or redemption period.

LD 234 An Act To Provide a Sales Tax Exemption to Commercial Horticulturists Carried Over

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

This bill makes the following changes to the sales and use tax law with respect to commercial agriculture:

1. It enacts a definition of "commercial agricultural production" and specifies that it includes greenhouse and nursery products; and
2. It specifies that the sales tax exemption contained in current law applies to products used in commercial agricultural production.

Committee Amendment "A" (H-153)

This amendment incorporates a fiscal note.

This bill was placed on the Special Appropriations Table and the Joint Standing Committee on Appropriations and Financial Affairs voted to recommit it to the Taxation Committee. This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 238 An Act To Limit the Vehicle Excise Tax Exemption Provided to Benevolent and Charitable Institutions and To Repeal the Exemption Provided to Literary and Scientific Institutions ONTP

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

This bill amends the law that allows certain exemptions from the vehicle excise tax. It modifies the exemption for benevolent and charitable institutions by limiting it to only those vehicles owned by such an institution that are used solely for the institution's purposes and primarily for transporting or delivering goods to persons who have been determined to be eligible to receive charitable services from the institution. It repeals the exemption for literary and scientific institutions.

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LD 239 An Act To Provide a Sales Tax Exemption on Fuel Used for Heating a Business ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON P THOMAS	ONTP	

This bill provides a sales tax exemption for coal, oil, wood or gas bought for heating a business.

LD 255 An Act To Provide an Income Tax Deduction for Amounts Received as Loan Forgiveness under the Maine Dental Education Loan Program ONTP

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

This bill provides an income tax deduction for amounts received as loan forgiveness under the Maine Dental Education Loan Program.

LD 260 An Act To Extend the Historic Preservation Tax Credit DIED IN CONCURRENCE

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HERBIG DIAMOND	ONTP MAJ OTP-AM MIN	

This bill extends the tax credit for rehabilitation of historic properties, currently scheduled to expire December 31, 2013, for 6 more years, until December 31, 2019. The bill also extends for the same length of time the reports that are required from the Maine Historic Preservation Commission and the Maine State Housing Authority.

LD 297 An Act To Allow Treasurers To Process Tax Lien Discharge and Sanitary District Sewer Lien Documents Using Facsimile Signatures PUBLIC 104

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CASAVANT SULLIVAN	OTP	

This bill allows municipal treasurers to use facsimile signatures in filing and processing tax lien documents and extends the use of facsimile signatures in the processing of sanitary district sewer liens.

Enacted Law Summary

Joint Standing Committee on Taxation

Public Law 2011, chapter 104 allows municipal treasurers to use facsimile signatures in filing and processing tax lien documents and extends the use of facsimile signatures in the processing of sanitary district sewer liens.

**LD 305 RESOLUTION, Proposing an Amendment to the Constitution of Maine Carried Over
To Allow Land and Buildings To Be Assessed Differently**

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

This resolution proposes to amend the Constitution of Maine to allow land to be assessed at a rate different from the rate at which buildings located on that land are assessed.

This resolution was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

**LD 312 An Act To Reinstate the Fund for the Efficient Delivery of Local and ONTP
Regional Services**

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

This bill reestablishes the Fund for the Efficient Delivery of Local and Regional Services originally established by Initiated Bill 2003, chapter 2 and eliminated in 2009.

**LD 338 An Act To Provide an Income Tax Credit for Persons Engaged in HELD BY
Commercial Forestry GOVERNOR**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON	ONTP MAJ OTP-AM MIN	S-367 ROSEN R

This bill allows an income tax credit to an employer in the logging industry that employs residents of the State who are engaged primarily in the harvesting of timber in this State. The credit is equal to \$2,500 for each full-time equivalent employee.

Senate Amendment "A" (S-367)

This amendment replaces the per employee income tax credit to an employer in the logging industry that employs residents of the State to harvest timber in this State with a credit equal to the tax paid during the taxable year on fuel used by the employer for commercial forestry up to a maximum credit of \$1,000. The amendment also delays the application to tax years beginning on or after January 1, 2013 and adds an appropriations and allocations section.

Enacted Law Summary

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This bill was enacted but as of this printing, had not been acted upon by the Governor and, pursuant to Art. IV, Part 3rd, Sec. 2 of the Maine Constitution, currently has no final disposition. It allows a credit equal to the tax paid during the taxable year on fuel used by the employer for commercial forestry up to a maximum credit of \$1,000 beginning on or after January 1, 2013.

LD 358 An Act To Exempt from the Income Tax Military Survivors Annuity Payments PUBLIC 138

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARMON THIBODEAU	OTP-AM	H-136

This bill provides an income tax exemption to persons who are 65 years of age or older for retirement income from an employment-based retirement plan and maintains the current limited retirement benefit exemption for person under 65 years of age. The bill also provides an income tax exemption for military death payments.

Committee Amendment "A" (H-136)

The amendment changes the income tax exemption for military death payments from death gratuities, which are already tax exempt, to exempting certain annuity payments that are currently taxed. It also removes provisions that provide an income tax exemption to persons who are 65 years of age or older for retirement income from an employment-based retirement plan and maintains the current limited retirement benefit exemption.

Enacted Law Summary

Public Law 2011, chapter 138 exempts certain annuity payments made under a military survivor benefit plan or reserve component survivor plan pursuant to 10 United States Code, Chapter 73.

LD 396 An Act To Amend the Law Governing Sales Tax Exemptions for Certain Nonprofit Youth Organizations DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SHERMAN	OTP-AM	S-88

This bill expands the sales tax exemption for nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting to include nonprofit youth organizations whose primary purpose is to provide arts instruction in a nonresidential setting.

Committee Amendment "A" (S-88)

This amendment incorporates a fiscal note.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 205.

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LD 405 An Act To Clarify Charitable Status for Property Tax Exemption ONTP

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

This bill provides standards for determining which institutions qualify for a property tax exemption as a benevolent and charitable institution.

LD 415 An Act To Provide a Sales Tax Trade-in Credit for Core Parts ONTP

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

This bill provides a sales tax trade-in credit for core parts. Core parts are those components that when replaced or rebuilt are used again.

LD 421 An Act To Create the Maine Fishery Infrastructure Tax Credit Program DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN	OTP-AM	S-42

This bill provides an income tax credit for investment in or contributions to eligible public fishery infrastructure projects in the State. Eligible projects must be certified by the Department of Inland Fisheries and Wildlife, which is required to adopt rules for determination of eligibility. Tax certificates may be issued for up to \$5,000,000 per project. Credits must be taken in increments of 25% over 4 years and may not exceed 50% of the total tax imposed on the investor for the taxable year before application of the credit. Unused credits may be carried forward for up to 15 years.

Committee Amendment "A" (S-42)

This amendment provides that the income tax credit for fishery infrastructure applies to both saltwater and freshwater fisheries, requires the Department of Inland Fisheries and Wildlife to coordinate with the Department of Marine Resources in the certification of eligible projects and makes technical changes to reflect proper terminology.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part HHHH.

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LD 423 An Act To Eliminate Maine's Estate Tax

ONTP

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

This bill repeals Maine's estate tax.

**LD 433 An Act To Exempt from Income Tax the Income of Nonresidents
Working in Maine Pursuant to an Interlocal Agreement**

PUBLIC 130

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HILL	OTP-AM MAJ OTP-AM MIN	H-131 KNIGHT S-20

This bill provides that compensation received as an employee of a political subdivision of an adjoining state performing service in this State pursuant to an interlocal agreement under the Maine Revised Statutes, Title 30-A, chapter 115 is not considered Maine-source income.

Committee Amendment "A" (S-20)

This amendment is the majority report. The amendment reallocates the provision of the bill that provides that compensation received as an employee of a political subdivision of an adjoining state performing service in Maine under an interlocal agreement is not considered Maine-source income, because the provision is an exclusion from Maine-source income and does not impact the minimum taxability threshold for nonresidents.

House Amendment "A" To Committee Amendment "A" (H-131)

This amendment provides that the exemption applies only when the performance of the service under an interlocal agreement does not displace an employee currently performing the service who is a resident of this State.

Enacted Law Summary

Public Law 2011, chapter 130 provides that compensation received as an employee of a political subdivision of an adjoining state performing service in this State pursuant to an interlocal agreement under the Maine Revised Statutes, Title 30-A, chapter 115 is not considered Maine-source income when the performance of the service under an interlocal agreement does not displace an employee currently performing the service who is a resident of this State.

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LD 436 An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of a Motor Vehicle ONTP

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

This bill changes the method of computing the excise tax that is levied on motor vehicles and camper trailers registered in the State. With the exception of commercial motor vehicles and special mobile equipment, current law requires that the excise tax be based upon the maker's list price for the motor vehicle; the excise tax on commercial motor vehicles and special mobile equipment is based on the purchase price.

This bill requires that the excise tax for all motor vehicles and camper trailers be based upon the purchase price of the vehicle and defines "purchase price" as the actual amount of money financed or paid by the consumer after any rebates or discounts. Either the original bill of sale or the state sales tax document may be used to verify the purchase price.

LD 441 An Act To Reform Telecommunications Taxation PUBLIC 430

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHASE WOODBURY	OTP-AM MAJ ONTP MIN	H-477 S-347 ROSEN R

Committee Amendment "A" (H-477)

The amendment replaces the bill and changes the title of the bill. The amendment replaces the telecommunications personal property tax with an excise tax on telecommunications businesses for the privilege of operating in the State. The excise tax is equal to the just value of qualified telecommunications equipment taxed at a rate of 19 mills in fiscal year 2012. For fiscal year 2013 and subsequent years, the State Tax Assessor will apply the tax rate of the municipality or the unorganized territory in which the qualified telecommunications equipment is located to the just value of the equipment as adjusted by the municipality's or the unorganized territory's certified assessment ratio. The amendment establishes procedures for the assessment, collection and appeal of the excise tax. It provides for routine technical rules to implement this legislation.

Senate Amendment "A" To Committee Amendment "A" (S-347)

This amendment increases the tax rate for the state telecommunications excise tax from 19 mills to 19.2 mills for assessments in 2012.

Enacted Law Summary

Public Law 2011, chapter 430 replaces the telecommunications personal property tax with an excise tax on telecommunications businesses for the privilege of operating in the State. The excise tax is equal to the just value of qualified telecommunications equipment taxed at a rate of 19.2 mills in fiscal year 2012. For fiscal year 2013 and subsequent years, the State Tax Assessor will apply the tax rate of the municipality or the unorganized territory in which the qualified telecommunications equipment is located to the just value of the equipment as adjusted by the

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municipality's or the unorganized territory's certified assessment ratio. Public Law 2011, chapter 430 establishes procedures for the assessment, collection and appeal of the excise tax. It provides for routine technical rules to implement this law.

LD 451 Resolve, To Study Adoption of the Streamlined Sales and Use Tax Agreement MAJORITY (ONTP) REPORT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DILL C WOODBURY	ONTP MAJ OTP-AM MIN	

This resolve directs the Department of Administrative and Financial Services, Bureau of Revenue Services to identify changes in the sales and use tax laws necessary to conform to the Streamlined Sales and Use Tax Agreement and to submit its report and proposed legislation to the Joint Standing Committee on Taxation by January 15, 2012.

LD 459 An Act To Improve Municipal Reimbursement under the Maine Tree Growth Tax Law ONTP

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

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

This bill proposes to amend the formula under the Maine Tree Growth Tax Law to ensure that municipalities are properly reimbursed.

LD 462 An Act To Amend the Laws Governing Excise Tax Credits ONTP

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

This bill permits the motor vehicle excise tax credit for transfer or total loss of a motor vehicle to be applied to a vehicle or vehicles acquired by the owner or lessee within 30 days after the transfer or total loss. If the credit exceeds the amount transferred to another vehicle, the bill requires the municipality to refund the excess amount.

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LD 469 An Act To Increase the Collection of Sales and Use Tax

**MAJORITY
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DILL C	ONTP MAJ OTP-AM MIN	

This bill requires out-of-state retailers that are not required to collect sales tax and that are part of a controlled group of corporations with a connection in the State to notify purchasers in the State of the obligation to pay sales or use tax and requires those retailers to provide annual statements of purchases to the purchasers and the Department of Administrative and Financial Services, Maine Revenue Services. Fines are provided for failure to provide the required notifications and statements.

LD 474 An Act To Improve the Circuitbreaker Program

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLEMINGS ALFOND	OTP-AM	H-475

This bill simplifies the Maine Residents Property Tax Program, also referred to as "the Circuitbreaker Program," by simplifying the determination of eligibility, transitioning the application period to the income tax filing period and permitting application to be made through the Department of Health and Human Services' integrated eligibility system. The bill requires the State Tax Assessor to report to the joint standing committee of the Legislature having jurisdiction over taxation matters by January 15, 2014 on the impact of the changes made by this bill.

Committee Amendment "A" (H-475)

This amendment replaces the bill. It prohibits a reduction in benefit under the Circuitbreaker Program to an elderly household claimant with a household member who has attained 65 years of age and chooses the nonelderly household benefit calculation. The benefit for claimants meeting these criteria may not be reduced below 100%. The amendment retains the emergency provisions from the bill.

This bill was placed on the Special Appropriations Table and died on adjournment.

**LD 476 An Act To Create a Sales Tax Holiday for Energy-efficient Appliances
and Fixtures**

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EDGECOMB SHERMAN	OTP-AM MAJ ONTP MIN	H-337

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This bill enacts a provision establishing an annual sales tax holiday on April 18th for the purchase in Maine, free of sales tax, of energy-efficient appliances and fixtures that carry the Energy Star or WaterSense labels granted to certain energy-efficient products by the United States Environmental Protection Agency and the United States Department of Energy. The exemption from sales tax extends to both new and used energy-efficient products that are purchased on April 18th for noncommercial or personal use, when the cost of each such item is \$2,500 or less. The bill also includes a reporting requirement in order to measure the fiscal impact of the sales tax holiday.

Committee Amendment "A" (H-337)

This amendment removes a reporting requirement that was intended to measure the fiscal impact of the sales tax holiday because the required data needed for this analysis is not available. The amendment also adds an appropriations and allocations section to the bill.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 489 An Act To Exempt Active Duty Armed Services Income from the ONTP
Income Tax

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

This bill exempts from income tax income received by an individual for active duty in the Armed Forces of the United States.

LD 490 An Act To Exempt the Value of Family Farms from the Estate Tax ONTP

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

This bill removes the value of eligible farmland from the calculation of the Maine estate tax. See LD 1147.

LD 500 An Act To Create an Income Tax Checkoff To Benefit Libraries ONTP

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

This bill establishes an income tax checkoff to support free public libraries in the State. The Taxation Committee will review the process for evaluating income tax return check off requests and has carried over another bill for that purpose. See LD 1225.

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LD 507 An Act To More Closely Coordinate the Classification of Forested Farmland under the Farm and Open Space Tax Laws with the Maine Tree Growth Tax Law

PUBLIC 404

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CURTIS WHITTEMORE	OTP-AM MAJ ONTP MIN	H-573

Under current law, a person may transfer property enrolled under the Maine Tree Growth Tax Law into the farm and open space tax program without penalty, and the forested acreage included in that transferred parcel is treated for all taxation purposes as though it were still under the Maine Tree Growth Tax Law. The affected municipality, however, loses the tree growth reimbursement it was receiving from the State that was associated with the forested acreage, and the landowner is under no obligation to provide a forest management and harvest plan with respect to the forested land included within the transferred parcel. This bill provides that with respect to all such transfers occurring after October 1, 2011 the municipality will still receive tree growth reimbursement for that forested property even after a transfer, and the landowner must continue to comply with the forest management plan requirements associated with the forested land being transferred.

Committee Amendment "A" (H-573)

This amendment makes technical changes and removes the requirement that a landowner conform to a forest management plan after transferring land from the Maine Tree Growth Tax Law to the farm and open space tax program.

Enacted Law Summary

Public Law 2011, chapter 404 addresses the circumstance where a landowner transfers Tree Growth property into the farmland tax program under the Farm and Open Space Tax Law. The law allows municipalities to receive reimbursement for the forested acreage that is transferred to the farmland program at the reimbursement amount allowed under the Tree Growth Law.

LD 518 Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory

RESOLVE 54

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN	OTP-AM	S-108

This resolve authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

Committee Amendment "A" (S-108)

This amendment incorporates a fiscal note.

Enacted Law Summary

Resolve 2011, chapter 54 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

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LD 521 An Act To Employ the Unemployed

**MAJORITY
(ONTP) REPORT**

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

This bill permits an employer who hires as an employee a person who has not been employed for 6 months to receive reimbursement for the amount of state income tax withheld for that employee for the first 6 months of employment.

**LD 533 An Act To Clarify the Use of Tax Increment Financing Funds for
Recreational Development**

PUBLIC 102

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLARK H SAVIELLO	OTP	

This bill amends the laws regarding municipal development districts to clarify that once the Department of Economic and Community Development has determined that new or existing recreational trails within a municipality have significant potential to promote economic development, the project costs for planning, design, construction, maintenance, grooming and improvements with respect to the trails, which may include bridges that are part of the trail corridor, are authorized for multiple projects or project phases related to the trails.

Enacted Law Summary

Public Law 2011, chapter 102 amends the laws regarding municipal development districts to clarify that once the Department of Economic and Community Development has determined that new or existing recreational trails within a municipality have significant potential to promote economic development, the project costs for planning, design, construction, maintenance, grooming and improvements with respect to the trails, which may include bridges that are part of the trail corridor, are authorized for multiple projects or project phases related to the trails.

LD 536 An Act To Help Deter Youth Smoking and To Help Smokers Quit

**MAJORITY
(ONTP) REPORT**

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

This bill increases the cigarette tax by \$1.50 per package, from \$2.00 to \$3.50, to help deter the initial use of tobacco by youth. It includes an appropriations and allocations section to fund operation of a tobacco help line to provide those tobacco users seeking to quit smoking a mechanism to do so.

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LD 549 An Act Regarding the Recognition of Corporate Entities for Tax Purposes INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT MASON	OTP-AM MAJ ONTP MIN	

This bill clarifies that the State recognizes a corporation as a separate entity for tax purposes and provides that income of the corporation is taxable as income of the corporation rather than the owner of a distributive share of the income.

The bill clarifies the circumstances under which the State must respect a corporate entity for tax purposes and the amendment provides that the corporate entity is the owner of income paid or payable to the corporate entity. The bill as amended is not intended to change the determination of whether income paid or payable to the corporate entity is taxable to the corporate entity or to a shareholder of the corporate entity or whether an S corporation is a taxable corporation. The amendment also provides an application date.

LD 550 An Act To Provide a Property Tax Credit to Veterans ONTP

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

This bill provides a \$500 credit against property taxes for eligible veterans and their survivors and requires the State to reimburse municipalities for the cost of the credit.

LD 557 An Act To Qualify the Port of Eastport as Tax Exempt for Purpose of Bonding P & S 7 EMERGENCY

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BURNS DC RAYE	OTP	

This bill removes the requirement that the Eastport Port Authority seek and obtain the consent of the Eastport city council to acquire real property in the City of Eastport. The intent of this change is to allow the Eastport Port Authority to qualify as a "political subdivision" under the federal Internal Revenue Code for purposes of issuing bonds that are exempt from federal income taxation.

Enacted Law Summary

Private and Special Law 2011, chapter 7 removes the requirement that the Eastport Port Authority seek and obtain the consent of the Eastport city council to acquire real property in the City of Eastport. The intent of this change is to allow the Eastport Port Authority to qualify as a "political subdivision" under the federal Internal Revenue Code for purposes of issuing bonds that are exempt from federal income taxation.

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Private and Special Law 2011, chapter 7 was enacted as an emergency measure effective May 19, 2011.

**LD 563 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Use a Portion of the Sales and Use Tax for the Protection of Maine's
Fish and Wildlife** **FINAL PASSAGE
FAILED**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN	OTP-AM MAJ ONTP MIN	S-154 S-284 PATRICK

This resolution proposes to amend the Constitution of Maine to allocate 0.125% of revenues raised by means of the Sales and Use Tax Law to the Department of Inland Fisheries and Wildlife for the sole purpose of protecting the State's fish and wildlife resources.

Committee Amendment "A" (S-154)

This amendment changes the percent of the tax revenues allocated for the protection of fish and wildlife proposed in the resolution from 0.125% to 1.25%.

Senate Amendment "C" To Committee Amendment "A" (S-284)

This amendment changes the percent of the sales and use tax revenues allocated for the protection of fish and wildlife from 1.25% to 1.20%. It requires that 10% of sales and use tax revenues dedicated to fish and wildlife resources protection be allocated to the Department of Marine Resources to be used only to protect, conserve, restore, manage and enhance diadromous fish populations and their habitat in all waters of the State. It requires that 90% of sales and use tax revenues dedicated to fish and wildlife resources protection be allocated to the Department of Inland Fisheries and Wildlife. It provides that the constitutional amendment does not apply to additional sales or use tax revenue raised as the result of an increase in the rate of the sales or use tax imposed after July 1, 2011. It also provides that the constitutional amendment applies to fiscal years beginning on and after July 1, 2013.

**LD 571 An Act To Amend the Laws Governing Sales Tax on Used Motor
Vehicles** **MAJORITY
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO	ONTP MAJ OTP-AM MIN	

This bill provides that only the items of consideration or other items of value shown on a receipt or bill of sale for a used motor vehicle may be considered part of the sale price for purposes of sales tax unless there is convincing evidence that other consideration was given as part of the sale.

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LD 577 An Act To Limit Taxes on Hospitals

ONTP

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

This bill limits the tax on hospitals to \$81,386,215 annually beginning in 2012.

**LD 590 An Act To Require Review of Certain Changes to Sales Tax Policy
Application or Practice prior to Implementation**

Carried Over

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHASE SHERMAN		

This bill requires the State Tax Assessor to report to the joint standing committee of the Legislature having jurisdiction over taxation matters prior to implementing any change in policy application or practice of the Department of Administrative and Financial Services, Bureau of Revenue Services regarding the sales and use tax if that change will result in additional revenue. The joint standing committee of the Legislature having jurisdiction over taxation matters is authorized to report out legislation reversing or modifying the change.

Committee Amendment "A" (H-434)

This amendment, which is the majority report, replaces the bill and provides that the State Tax Assessor may assess additional sales and use taxes as a result of nonpayment or underpayment only if there has been fraud with the intent to evade taxes, a mathematical error in the calculation of taxes owed has occurred, the taxpayer has previously demonstrated awareness of the obligation to pay the tax or the obligation to pay the tax has been recognized by at least 80% of taxpayers in similar situations.

The amendment also authorizes the assessor to recommend legislation or to propose major substantive rules to clarify tax obligations if the conditions for assessing additional sales and use taxes are not met and requires the assessor to notify potentially affected taxpayers of any public hearings on the legislation or proposed rules.

House Amendment "A" To Committee Amendment "A" (H-496)

This amendment provides that the State Tax Assessor may assess a taxpayer additional sales and use tax only if the law imposing the tax has been in effect for more than 90 days and permits an additional assessment if a majority, rather than 80%, of taxpayers currently pay taxes of the same type.

This bill was placed on the Special Appropriations Table and the Joint Standing Committee on Appropriations and Financial Affairs voted to recommit it to the Taxation Committee.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

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LD 603 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Require Approval by a 2/3 Vote of Each Branch of the Legislature in Order To Raise a Tax or Impose a New Tax FINAL PASSAGE FAILED

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COURTNEY	OTP-AM MAJ ONTP MIN	S-230

This resolution proposes to amend the Constitution of Maine to require approval by a 2/3 vote of all the members elected to each House of the Legislature in order to raise a tax.

Committee Amendment "A" (S-230)

This amendment adds to the resolution to amend the Constitution of Maine language requiring approval by a 2/3 vote of all the members elected to each House of the Legislature for the imposition of a new tax.

LD 604 An Act To Exempt Certain Meals Provided to Food Service Employees from the Sales and Use Tax DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN	OTP-AM	S-53

This bill exempts from the sales and use tax meals provided to an employee of an eating establishment while that employee is working, up to a maximum cost to the employer of \$2.50 per day.

Committee Amendment "A" (S-53)

This amendment clarifies that the sales and use tax exemption in the bill applies to the retail value of meals provided to employees and that meals provided during break periods and 30 minutes before or after the employee's working hours are included in the exemption.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 611 An Act Relating to Sales Tax on Certain Rental Vehicles PUBLIC 209

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN	OTP-AM	S-126

This bill requires a person that is primarily engaged in the business of renting automobiles to collect 10% sales tax on the short-term rental of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds and allows such a person to purchase those vehicles tax-free, as is the case under current law with lighter-weight vehicles purchased for rental.

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This bill also provides that the tax exemption in current law for the use of a loaner vehicle provided pursuant to a warranty applies regardless of whether the new motor vehicle dealer provides the vehicle directly to the service customer or instead arranges for a 3rd-party rental company to provide the vehicle to the customer.

Committee Amendment "A" (S-126)

This amendment clarifies the proposed exclusion from sales and use tax for pickup trucks and vans purchased for short-term rental and the exemption for the rental of certain vehicles to the service customer of a new vehicle dealer pursuant to a warranty. It deletes language that would have changed how long-term rentals of pickup trucks and vans are taxed and provides that the changes apply to transactions entered into on or after October 1, 2011.

Enacted Law Summary

Public Law 2011, chapter 209 requires a person that is primarily engaged in the business of renting automobiles to collect 10% sales tax on the short-term rental of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds and allows such a person to purchase those vehicles tax-free, as is the case under current law with lighter-weight vehicles purchased for rental.

It also provides that the tax exemption in current law for the use of a loaner vehicle provided pursuant to a warranty applies regardless of whether the new motor vehicle dealer provides the vehicle directly to the service customer or instead arranges for a 3rd-party rental company to provide the vehicle to the customer.

LD 617 An Act To Modify the Process Regarding the Return of Unfit Tobacco Products

PUBLIC 441

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KATZ	OTP-AM	S-125 S-349 ROSEN R

This bill permits the State Tax Assessor to recognize a credit for tax previously paid on tobacco products that are returned to a distributor because the products have become unfit for use, sale or consumption and are subsequently destroyed by the distributor.

Committee Amendment "A" (S-125)

The amendment permits the State Tax Assessor to redeem cigarette tax stamps with respect to cigarettes that are destroyed by the distributor because the cigarettes have become unfit for use, sale or consumption.

Senate Amendment "A" To Committee Amendment "A" (S-349)

The amendment delays until July 1, 2012 the implementation of a credit for tax previously paid on tobacco products or cigarettes that are returned to a distributor because the products have become unfit for use, sale or consumption and are subsequently destroyed by the distributor.

Enacted Law Summary

Public Law 2011, chapter 441 permits the State Tax Assessor to, beginning July 1, 2012, recognize a credit for tax previously paid on tobacco products that are returned to a distributor and are subsequently destroyed by the distributor because they have become unfit for use, sale or consumption. It permits the State Tax Assessor to, beginning July 1, 2012, redeem cigarette tax stamps with respect to cigarettes that are destroyed by the distributor because they have become unfit for use, sale or consumption.

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LD 623 An Act To Reestablish the Municipal Revenue Sharing Program as a Compact between the State and Municipal Governments ONTP

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

This bill restructures the Local Government Fund, which is the depository of the state-municipal revenue-sharing resources, as an irrevocable trust, and renames it the Irrevocable Local Government Trust Fund.

LD 647 An Act To Exempt Retired Military Pay from State Income Tax DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON P	OTP-AM MAJ ONTP MIN	H-123

This bill exempts from the state income tax military pension benefits received by a Maine resident as a result of military service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard. The bill provides for a partial exemption of the benefit during the first 4 years that the exemption is allowed with a full exemption in the 5th year.

Committee Amendment "A" (H-123)

This amendment changes the bill by increasing the current state income tax exemption for military retirement benefits from \$6,000 to \$10,000 instead of exempting, phased in over a 5-year period, all military pension benefits.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 684 An Act To Clarify the Taxing of Property of Quasi-municipal Organizations ONTP

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

This bill provides a property tax exemption for all property of public municipal or quasi-municipal corporations appropriated to public uses.

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LD 686 An Act To Promote Small Business in Maine ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CORNELL DU HOUX RECTOR	ONTP	

This bill creates a personal property tax exemption for the first \$75,000 in value of any machinery, equipment, furnishings or like personal property that is owned and regularly used in the normal course of business by any small business operating in the State in any legal form. The bill also provides a definition of "small business" for the purpose of determining eligibility for the exemption, using the small business size standards developed by the United States Small Business Administration and codified in 13 Code of Federal Regulations, Section 121.

LD 695 An Act To Reduce Taxes and Promote Employment DIED IN CONCURRENCE

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

This bill increases the state earned income tax credit from 5% to 10% of the federal credit and makes it refundable.

LD 705 An Act To Reduce the Income Tax for Low-income Families ONTP

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

This bill provides a credit for an individual who is a resident of Maine and whose federal adjusted gross income is \$15,000 or less for the entire year, reducing the individual's income tax liability to zero.

LD 706 An Act To Base the Motor Vehicle Excise Tax on Ninety Percent of the Maker's List Price ONTP

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

Current law requires the excise tax paid on motor vehicles to be based on the maker's list price, regardless of the amount actually paid for the motor vehicle.

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This bill instead requires the excise tax to be based on 90% of the maker's list price for the motor vehicle, regardless of the amount actually paid for the motor vehicle, and it changes the mill rate structure for the succeeding years.

LD 707 An Act To Increase the State Earned Income Credit ONTP

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

This bill, beginning in 2011, increases the state earned income credit from 5% to 25% of the federal earned income credit and provides that the state earned income credit is fully refundable.

LD 713 An Act To Amend the Definition of Automobile for Purposes of the PUBLIC 296
Sales and Use Tax Law

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT MASON	OTP-AM	H-433

Under the Sales and Use Tax Law, "retail sale" does not include the sale of automobile parts used in the performance of repair services on an automobile pursuant to an extended service contract. This bill specifies that this exclusion applies only to repair parts used in repair services on automobiles weighing 10,000 pounds or less.

Committee Amendment "A" (H-433)

This amendment replaces the bill. This amendment changes the definition of "automobile" for the purposes of the Sales and Use Tax Law. "Automobile," as defined in the Maine Revised Statutes, Title 36, section 1752, includes all cars and other passenger vehicles. It also includes pickup trucks and vans weighing 6,000 pounds or less. The amendment increases the maximum weight to 10,000 pounds. Amending the definition of "automobile" affects the sales tax exemption for automobiles used in driver education, automobiles sold to amputee veterans who are granted free registration and automobiles purchased outside the State by a nonresident and subsequently used in Maine. The definition change affects the purchase of an automobile and automobile parts and accessories by a person engaged in renting automobiles on a short-term basis, the purchase of an automobile by a person engaged in renting automobiles for one year or more and the purchase of automobile repair parts used in the repair of an automobile pursuant to an extended service contract, which was the intent of the bill. It also affects provisions related to the sales tax on rental vehicles and affects the sales and use tax exemption for purchase and use of a loaner vehicle by a new vehicle dealer. It affects the reimbursement of excise tax paid on certain automobiles rented for a period of less than one year.

Enacted Law Summary

Public Law 2011, chapter 296 changes the definition of "automobile" for the purposes of the Sales and Use Tax Law by including pickup trucks and vans weighing 10,000 pounds or less. Previously, the definition included pickup trucks and vans weighing 6,000 pounds or less. Amending the definition of "automobile" affects the sales tax exemption for automobiles used in driver education, automobiles sold to amputee veterans who are granted free registration and automobiles purchased outside the State by a nonresident and subsequently used in Maine. The definition change affects the purchase of an automobile and automobile parts and accessories by a person engaged in renting automobiles on a short-term basis, the purchase of an automobile by a person engaged in renting automobiles

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for one year or more and the purchase of automobile repair parts used in the repair of an automobile pursuant to an extended service contract. It also affects provisions related to the sales tax on rental vehicles and affects the sales and use tax exemption for purchase and use of a loaner vehicle by a new vehicle dealer. It affects the reimbursement of excise tax paid on certain automobiles rented for a period of less than one year.

LD 742 An Act To Amend the Maine Historic Preservation Tax Credit

PUBLIC 453

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RECTOR	OTP-AM MAJ ONTP MIN	S-116 RECTOR S-89

This bill eliminates the current sunset date for the Maine historic preservation tax credit and requires the Maine Historic Preservation Commission to report to the Legislature in 2013 and every 4 years thereafter with an analysis on the use of the credit.

Committee Amendment "A" (S-89)

This amendment replaces the bill, which eliminated the sunset for the Maine historic preservation tax credit, and changes the title. The amendment extends the sunset date to 2023. It requires the Maine Historic Preservation Commission to report to the Legislature every 2 years with an analysis on the use of the credit and recommendations for funding the credit after fiscal year 2014-15. It allows insurance companies investing in historic preservation projects to receive the credit. It requires the Treasurer of State to first credit \$245,160 in fiscal year 2013-14 and \$1,879,560 in fiscal year 2014-15 of the revenues available for the state share of the proceeds from the real estate transfer tax to the General Fund, after which the Treasurer of State pays any remaining revenues to the Maine State Housing Authority, which deposits the funds in the Housing Opportunities for Maine Fund.

Senate Amendment "A" To Committee Amendment "A" (S-116)

Committee Amendment "A" requires the Maine Historic Preservation Commission to report to the Legislature every 2 years with an analysis on the use of the historic structure preservation tax credit and recommendations for funding the credit after fiscal year 2014-15. This amendment instead requires that by January 15, 2013, the Maine Historic Preservation Commission make recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding specific proposals for funding the credit and, beginning January 15, 2015, the commission report every 2 years with an analysis on the use of the credit and recommendations for funding the credit.

Enacted Law Summary

Public Law 2011, chapter 453 extends the sunset date for the Maine historic preservation credit to 2023. It uses a portion of the revenue that normally would be deposited in the Housing Opportunities for Maine Fund to provide funding for the credit through the next biennium. It requires the Maine Historic Preservation Commission to report specific recommendations for future funding of the credit to the Taxation Committee by January 15, 2013 and to report every 2 years, beginning January 15, 2015, on the use and funding of the credit. It allows insurance companies investing in historic preservation projects to receive the credit.

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LD 745 An Act To Encourage the Use of Reusable Bags ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CORNELL DU HOUX	ONTP	

This bill provides an income tax credit up to \$75,000 to retailers that provide compensation to customers for the use of reusable bags.

LD 752 An Act To Provide Funding for Landfills by Imposing a Gift Package Surcharge ONTP

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

This bill requires a retail store with over 8,000 square feet of retail floor space to collect a surcharge of \$2 on each gift package provided to its retail customers. The surcharge is remitted to the State to support the Department of Environmental Protection's remediation and closure program for solid waste landfills.

LD 762 An Act To Provide Equitable Revenue-sharing Distribution MAJORITY (ONTP) REPORT

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

This bill changes the method for distributing the money in the Disproportionate Tax Burden Fund, known as "Rev II," beginning October 1, 2011 and increases funding to so-called "Rev I" municipalities. Currently, Rev II funds are distributed to each municipality with a property tax mill rate over 10 mills in proportion to the disproportionate tax burden. Under this bill, Rev II funds will be distributed only to those municipalities with a property tax mill rate over 10 mills that are designated as service center communities, which by definition include census designated places. Beginning October 1, 2011, the bill reduces the amount transferred from the Local Government Fund to the Disproportionate Tax Burden Fund to 11% each year. This will increase the total amount of funding going to Rev I municipalities.

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LD 764 An Act To Ensure That Municipalities Refund Amounts Collected in Excess of Tax Liens ONTP

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

Under current law, if a municipality forecloses on a parcel of real estate for failure to pay taxes owed on that real estate, the municipality is under no obligation to return any funds that exceed the amount owed in taxes after the sale of the property.

This bill requires a municipality that forecloses on residential real estate to return the excess funds, after subtracting the tax lien, interest, fees for recording the lien, costs of mailing notice, court costs, taxes that would have been assessed while the property was held by the municipality and any other expenses incurred in disposing of the real estate. Notice of the availability of the excess funds must be provided to the former owner within 30 days of sale of the real estate or 180 days of the foreclosure, whichever is sooner. If the former owner fails to claim the excess funds within 36 months after notice of the availability of excess funds, the municipality must remit the excess funds to the Treasurer of State for credit to the General Fund.

**LD 805 An Act To Decrease the Tax Burden on Maine's Seniors DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VOLK	OTP-AM MAJ ONTP MIN	H-165

This bill provides a 50% income tax credit to taxpayers who are 60 years of age and older.

Committee Amendment "A" (H-165)

This amendment strikes the bill. It phases in the income tax credit for seniors 65 years of age or older over a 5-year period beginning in 2014 and clarifies the application of the credit to married persons when only one person has reached 65 years of age.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 808 An Act Regarding Property Taxes in the Unorganized Territories ONTP

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

This bill provides that an increase in the assessed value of a parcel of land in the unorganized territory that exceeds 25% of its previously assessed value must be phased in so that the assessed value of a parcel of land increases by no

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more than 25% in a single year.

LD 809 An Act Regarding the Fairness of Sales Tax on Certain Precious Metals Purchases ONTP

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

This bill exempts from sales tax every sale of gold, silver, platinum and palladium bars, bullion and coins that is \$1,000 or greater in value.

LD 822 An Act To Remove Taxes on Equipment Used for Business ONTP

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

This bill extends the business equipment property tax exemption to office furniture, including tables, chairs, desks, bookcases, filing cabinets and modular office partitions, and to otherwise eligible property located at a retail sales facility with interior customer selling space that is smaller than 20,000 square feet.

LD 823 An Act To Amend the Law Governing Tax Increment Financing Districts PUBLIC 287

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROCHELO HOBBINS	OTP-AM MAJ ONTP MIN	H-460

This bill changes the definition of "original assessed value" related to municipal development districts from the "assessed value" of the district to the "taxable assessed value" of the district. The bill repeals the requirement that a project financed through municipal bonded indebtedness must be completed within 5 years of the commissioner's approval of the designation of the tax increment financing district. It allows municipalities that choose to use tax increment financing to cover costs related to economic development to use the funds for grants in addition to revolving loan funds and investment funds. It increases the maturity date on the bonds that a municipality may authorize to finance project costs from 20 to 30 years from the date of issuance.

Committee Amendment "A" (H-460)

This amendment replaces the bill and changes the requirement, repealed in the bill, that a project financed through municipal bonded indebtedness must be completed within 5 years of the commissioner's approval of the designation of the tax increment financing district by extending the period for completion to 8 years.

Enacted Law Summary

Public Law 2011, chapter 287 changes the requirement that a project financed through municipal bonded

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indebtedness must be completed within 5 years of the commissioner's approval of the designation of the tax increment financing district by extending the period for project completion to 8 years.

LD 826 An Act To Permit a Local Option Sales Tax ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DILL C BLISS	ONTP	

This bill allows a municipality to impose a local option sales tax of 3% or less by local referendum. Revenue from the local option sales tax is distributed as follows: 50% to the municipality, 25% to the county in which the municipality is located and 25% to the General Fund. The revenue received by the municipality and county must be used to reduce the property tax, either through specific programs, such as by funding a municipal property tax assistance program or funding the portion of the homestead property tax exemptions not funded by the State or generally stabilizing or lowering the projected property tax rate of the municipality or the county tax assessment.

LD 834 An Act To Define "Prosthetic Device" for Purposes of Sales Tax Law DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT SAVIELLO	OTP-AM	H-242

This bill provides a sales tax exemption for orthotics.

Committee Amendment "A" (H-242)

This amendment replaces the bill. It creates definitions for "prosthetic device" and "prescription." It clarifies the sales tax exemption for prosthetic devices.

This bill was placed on the Special Appropriations Table and died on adjournment.

LD 835 An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit Carried Over

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT SNOWE-MELLO		

This bill amends the educational opportunity tax credit by removing restrictions on the term of eligible loans and by making the tax credit refundable.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

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LD 836 An Act To Repeal the Alternative Minimum Tax

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT HASTINGS	OTP-AM MAJ ONTP MIN	H-154

This bill repeals the alternative minimum tax for both individual and corporate taxpayers.

Committee Amendment "A" (H-154)

This amendment replaces the bill. It makes the alternative minimum tax not apply to resident and nonresident individuals, trusts and estates after January 1, 2012, while retaining the existing credit for taxpayers who have previously paid the alternative minimum tax.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part N.

**LD 838 An Act To Make the Homestead Property Tax Exemption More Flexible
for Municipalities and Remain Revenue Neutral for the State**

ONTP

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

This bill amends the law governing the homestead property tax exemption by reducing the exemption from \$10,000 to \$5,000 and providing that the State must reimburse municipalities for 100% of the exemption rather than 50%. The bill also authorizes municipalities by ordinance to add a local level of exemption of up to 200% of the state-required exemption. State reimbursement is not required for a locally adopted exemption.

**LD 847 An Act To Increase the Amount of Deductible Business Expense
Allowed for Property Placed in Service Beginning in 2011**

ONTP

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

This bill permits businesses to claim business expense deductions for purchases to the same extent as permitted under federal income tax law.

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LD 849 An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes Carried Over

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

This bill provides tax relief for Maine's citizens by reducing income taxes paid by Maine citizens. The bill requires that revenue exceeding the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income bracket thresholds at which higher income tax rates apply and to reduce the highest income tax rates from 8.5% and 7% to 6.5%.

Committee Amendment "A" (S-308)

The Committee amendment replaces the bill and establishes individual income tax rates at 0%, 6.5% and 8.5% for tax years beginning on or after January 1, 2012. It reduces the highest income tax rate of 8.5% to 7.95% for tax years beginning on or after January 1, 2013. The amendment requires that revenue that exceeds the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income tax bracket thresholds at which higher income tax rates apply and to reduce the highest income tax rates to 4.5% over time to eventually establish one income tax rate.

Senate Amendment "A" To Committee Amendment "A" (S-330)

This amendment strikes the provisions of Committee Amendment "A" that require that revenue that exceeds the General Fund appropriation limitation and unappropriated surplus of the General Fund be used to gradually increase by 20% the income tax bracket thresholds at which higher income tax rates apply. This amendment retains the requirement that revenue be used to reduce the highest income tax rates to 4.5% over time to eventually establish one income tax rate.

This amendment removes the provisions of Committee Amendment "A" that establish income tax rates at 0%, 6.5% and 8.5% for tax years beginning in 2012 but retains the changes made for tax years beginning in 2013 or later.

This bill was placed on the Special Appropriations Table and the Joint Standing Committee on Appropriations and Financial Affairs voted to recommit it to the Taxation Committee. See LD 1043, Part N.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 855 An Act To Treat Plantations in the Same Manner as Towns for Purposes of Tax Increment Financing PUBLIC 101

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMAS	OTP	

This bill authorizes plantations to implement tax increment financing development districts and development programs in the same manner as is currently available to municipalities under the Maine Revised Statutes, Title 30-A, chapter 206. The bill also allows authorized project costs to include certain capital costs associated with public ways and recreational trails within the tax increment financing development district.

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Enacted Law Summary

Public Law 2011, chapter 101 authorizes plantations to implement tax increment financing development districts and development programs in the same manner as is currently available to municipalities under the Maine Revised Statutes, Title 30-A, chapter 206. It also allows authorized project costs to include certain capital costs associated with public ways and recreational trails within the tax increment financing development district.

LD 868 An Act To Reform Maine Revenue Services Procedures ONTP

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

This bill requires the Department of Administrative and Financial Services, Bureau of Revenue Services, prior to implementing a change in policy or practice or in interpretation of any law, rule or bulletin that will result in additional revenue to the State, to notify the joint standing committee of the Legislature having jurisdiction over taxation matters and to implement the change through major substantive rulemaking, which is subject to review by the Legislature.

This bill also requires the State Tax Assessor to notify a taxpayer when an audit has been initiated and to record and to preserve all conversations with the taxpayer during the course of the audit.

LD 875 An Act To Provide an Incentive for Unemployed Persons To Become Self-employed ONTP

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

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

This bill, as emergency legislation, proposes to modify the tax laws to provide incentives that will encourage the use of personal assets, such as stocks and individual retirement accounts, and intrafamily loans to provide capital for unemployed persons to start or purchase a business.

LD 876 An Act To Convert Vacant Commercial Property to Occupied Commercial Property Carried Over

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

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

This bill proposes to modify the tax laws to provide incentives that will encourage the improvement of unoccupied

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commercial property in order to attract tenants and stimulate business development.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 895 An Act To Allow the City of Bangor To Replace the Bangor Auditorium and Civic Center at the Bass Park Complex P & S 15

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FARNHAM	OTP	

This bill facilitates the City of Bangor's ability to incur bonded indebtedness in order to fund a replacement building or structure for the existing Bangor Auditorium and Civic Center. The bill exempts the bonded indebtedness for the project from counting towards the city's statutory debt limit and Penobscot County's aggregate value of municipal general obligation indebtedness financed by the proceeds from tax increment financing districts. The bill also removes a 5-year deadline for completion of the project and extends the 20-year time limit to 30 years for bonded indebtedness incurred by the City of Bangor to finance the project.

Enacted Law Summary

Private and Special Law 2011, chapter 15 facilitates the City of Bangor's ability to incur bonded indebtedness in order to fund a replacement building or structure for the existing Bangor Auditorium and Civic Center. It exempts the bonded indebtedness for the project from counting towards the city's statutory debt limit and Penobscot County's aggregate value of municipal general obligation indebtedness financed by the proceeds from tax increment financing districts. It also removes a 5-year deadline for completion of the project and extends the 20-year time limit to 30 years for bonded indebtedness incurred by the City of Bangor to finance the project.

LD 898 An Act To Reform the Maine Estate Tax ONTP

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

This bill provides a different method of calculation of the Maine estate tax. Instead of calculating the estate tax based on prior federal law, the bill establishes a progressive rate structure for estates that exceed an exemption amount of \$1,000,000 for persons who die after December 31, 2010. See LD 1147.

LD 921 An Act To Clarify the Collection Process for the Commercial Forestry Excise Tax PUBLIC 462

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCABE TRAHAN	OTP-AM	H-484

This bill limits the period of assessments for back taxes under the commercial forestry excise tax and provides that landowners who sign an affidavit stating that they were unaware of the requirement to file a return may be assessed

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for the current year and the 2 previous years only, without the accumulation of interest or penalties. The bill also directs the State Tax Assessor to evaluate whether an amnesty program might contribute to the State's ability to enforce and collect revenue due under the tax.

Committee Amendment "A" (H-484)

This amendment makes technical changes and removes the requirement that the State Tax Assessor report whether an amnesty program will contribute to the State's ability to collect taxes due under the commercial forestry excise tax. The amendment clarifies that the supplemental assessment may be limited to the prior 3 years if the landowner signs an affidavit stating that the landowner was unaware of the requirement to file a return and that penalties and interest must be waived or abated if the tax is paid within 30 days after receipt of the notice of supplemental assessment. The amendment provides that these provisions apply to property tax years beginning on or after April 1, 2011.

Enacted Law Summary

Public Law 2011, chapter 462 limits the period of the supplemental assessment under the commercial forestry excise tax to the prior 3 years if the landowner signs an affidavit stating that the landowner was unaware of the requirement to file a return and that penalties and interest must be waived or abated if the tax is paid within 30 days after receipt of the notice of supplemental assessment. These provisions apply to property tax years beginning on or after April 1, 2011.

LD 931 An Act To Ensure Proper Tax Assessment of Property Owners ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WILLETTE M SHERMAN	ONTP	

This bill requires a municipal property tax assessor, upon receipt of notice of the transfer of property, to note the new owner on the tax records and issue any assessment due after the date of transfer to that new owner.

**LD 946 An Act To Amend the Sales and Use Tax Exemption for Aircraft DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAYE	OTP-AM	S-155

This bill amends the existing sales, storage and use tax exemption for an aircraft purchased outside of the State by a nonresident by removing limitations on the use of the aircraft in this State during the 12 months following purchase.

Committee Amendment "A" (S-155)

This amendment changes the bill by expanding the current exemption from sales and use tax for aircraft purchased or leased by a nonresident and immediately transported out of the State and for certain other specifically designated aircraft to include sales and leases of all aircraft by a person, regardless of the type of aircraft or the state of residency of the purchaser. The amendment also expands the exemption to include sales of repair and replacement parts used exclusively in aircraft and in the overhauling and rebuilding of aircraft. It retains the bill's original provision to amend the existing sales, storage and use tax exemption for an aircraft purchased outside of the State by

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a nonresident by removing limitations on the use of the aircraft in this State during the 12 months following purchase.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part GGGG.

LD 961 An Act To Exempt Internet Sales from the Sales and Use Tax INDEF PP

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

This bill provides a sales and use tax exemption for sales made over the Internet.

**LD 965 Resolve, Directing the Bureau of Revenue Services To Provide Guidance MAJORITY
Regarding the Valuation of Residential Alternative Energy (ONTP) REPORT
Infrastructure**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLEMINGS TRAHAN	ONTP MAJ OTP-AM MIN	

This resolve directs the Department of Administrative and Financial Services, Bureau of Revenue Services to develop guidance for municipalities with regard to the valuation of alternative energy infrastructure used for residential purposes.

**LD 991 An Act To Establish the Maine New Markets Capital Investment DIED ON
Program ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAYE	OTP-AM	S-299

This bill enacts the Maine New Markets Capital Investment Program in order to attract investment in economically distressed areas of Maine. The program is modeled after the federal New Markets Tax Credit Program.

Committee Amendment "A" (S-299)

This amendment replaces the bill and establishes the Maine New Markets Capital Investment Program, which is modeled after the Federal New Markets Income Tax Credit, IRS Code 45D.

Under the program, the Finance Authority of Maine (FAME) receives applications from Qualified Community Development Entities," which may be approved for specific allocations of qualified investments eligible for the credit. FAME certifies qualified investments, with the maximum of qualified investments in Maine equal to

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\$250,000,000. At least 85% of investments must be made in "low-income or distressed areas" in Maine. The total credit is equal to 39% of qualified investment with the schedule for claiming it beginning at 0% in the first 2 years, 7% in the 3rd year of the investment and then 8% for remaining four years. The credit is refundable or at taxpayer's election, may be carried forward.

The Commissioner of Department of Administration and Financial Services enters into a Memorandum of Agreement with the certified investors eligible for the credit regarding the State's commitment to investors who make qualified investments. Maine Revenue Services processes the credits through tax returns and may recapture the credit if required under certain circumstances consistent with IRS Code provisions.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part Q.

LD 1016 An Act To Restore the Health Care Provider Tax to 6 Percent

PUBLIC 411

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STRANG BURGESS CRAVEN	OTP-AM	H-649

Federal law permits states to use provider-specific taxes to fund their state shares of Medicaid expenses subject to certain limitations. This bill amends existing provisions effective October 1, 2011, increasing the provider tax rate applicable to nursing home from 5.5% to 6%, consistent with applicable federal requirements, and repealing authorization for the Commissioner of Health and Human Services to transfer funds received from nursing facilities that are credited to the Nursing Facility Other Special Revenue funds account in the Department of Health and Human Services.

It requires that funds received from this increased provider tax be applied to provide cost-of-living increases to MaineCare reimbursement to nursing homes and medical and remedial private nonmedical institutions that are reimbursed room and board costs and certain other allowable costs under rules adopted by the Department of Health and Human Services and may not be transferred for other purposes.

Committee Amendment "A" (H-649)

This amendment provides an increase in the provider tax rate applicable to residential treatment facilities from 5.5% to 6%, consistent with applicable federal requirements, in addition to the increase provided for nursing homes in the bill. It requires that the rules for the cost-of-living adjustment, to which all revenues related to the incremental increase for nursing homes must be applied, use a methodology that provides a cost-of-living increase that ensures that such nursing facilities and medical and remedial private nonmedical institutions receive a share of the revenues through MaineCare reimbursement of allowable costs. It requires that all revenues generated by the increase in the tax rate applicable to residential treatment facilities be applied to providing services to individuals on the waiting list for the community support benefit waiver under the MaineCare Benefits Manual, Chapter II, Section 29. The amendment also adds an appropriations and allocations section.

Enacted Law Summary

Public Law 2011, chapter 411 increases the provider tax rate applicable to nursing home and residential treatment facilities from 5.5% to 6%, effective October 1, 2011, consistent with applicable federal requirements. It repeals the authorization for the Commissioner of Health and Human Services to transfer funds received from nursing facilities that are credited to the Nursing Facility Other Special Revenue funds account in the Department of Health and Human Services. It requires that the incremental increase of funds received from this increased provider tax for nursing homes must be applied to provide cost-of-living increases to MaineCare reimbursement to nursing homes and medical and remedial private nonmedical institutions that are reimbursed room and board costs and certain other

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allowable costs under rules adopted by the Department of Health and Human Services and may not be transferred for other purposes. The department must use a methodology that provides a cost-of-living increase that ensures that such nursing facilities and medical and remedial private nonmedical institutions receive a share of the revenues through MaineCare reimbursement of allowable costs. It requires that all revenues generated by the increase in the tax rate applicable to residential treatment facilities be applied to providing services to individuals on the waiting list for the community support benefit waiver under the MaineCare Benefits Manual, Chapter II, Section 29.

LD 1036 An Act To Clarify the Municipal Development District Law ONTP

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

This bill defines the terms "blighted area" and "credit enhancement agreement" in the municipal development district laws and provides a mechanism for the use of credit enhancement agreements in blighted areas. It also requires greater advance notice of public hearings on development districts and broadens the range of parties entitled to receive direct notice of such hearings.

LD 1044 An Act To Allow a Tax Credit for Tuition Paid to Private Schools ONTP

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

This bill provides for an income tax credit of up to \$2,000 for tuition paid to a private school for a taxpayer or a dependent of the taxpayer.

LD 1081 An Act To Provide a Property Tax Exemption for Family Burying Grounds DIED BETWEEN HOUSES

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARVELL	OTP-AM	H-476 S-354 ROSEN R

This bill exempts family burying grounds of 1/4 of an acre or less from property taxation.

Committee Amendment "A" (H-476)

This amendment replaces the bill. It limits the bill's proposed property tax exemption for family burying grounds of 1/4 acres or less to include only those where human remains are known to be buried and that are not located within shoreland areas. The amendment also changes the application date from April 1, 2011 to April 1, 2012.

Senate Amendment "A" To Committee Amendment "A" (S-354)

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This amendment adds a mandate preamble.

LD 1086 An Act To Promote Plug-in Electric Vehicle Sales

**MAJORITY
(ONTP) REPORT**

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

This bill creates an income tax credit for the purchase of a qualified plug-in electric vehicle that is equal to the excise tax paid, up to \$1,000. The credit expires January 1, 2015.

LD 1092 An Act To Allow a Tax Credit for Tuition Paid to Private Schools

**DIED BETWEEN
HOUSES**

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

This bill provides for an income tax credit of up to \$2,500 for tuition paid to a private school for prekindergarten to grade 12 for a taxpayer or a dependent of the taxpayer.

LD 1096 An Act To Enhance Economic Development by Encouraging Job and Business Growth in Maine's Aviation Industry

ONTP

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

Current law provides an exemption from sales tax for aircraft purchased or leased by a nonresident and immediately transported out of the State and for certain other specifically designated aircraft. This bill expands the current exemption to include sales and leases of all aircraft by a person, regardless of the type of aircraft or the state of residency of the purchaser. This bill also exempts sales of repair and replacement parts used exclusively in aircraft and in the overhauling and rebuilding of aircraft. The exemptions are retroactive to July 1, 2008. See LD 946 and LD 1043, Part GGGG.

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LD 1097 An Act To Amend the Laws Governing the Real Estate Transfer Tax

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO	ONTP	

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

This bill proposes to amend the real estate transfer tax laws to ensure equity in their application to the value of the property being transferred and the parties involved in the transfer.

LD 1118 An Act To Provide a Tax Credit for High-quality Child Care Sites

**MAJORITY
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STRANG BURGESS CRAVEN	ONTP MAJ OTP-AM MIN	

This bill amends the income tax credit for child and dependent care expenses to provide an enhanced credit if the services are provided at a child care site rated according to the level of quality by the Department of Health and Human Services. The bill also expands the income tax credit for quality child care investments to include contributions to a public-private partnership fund certified by the Department of Health and Human Services, Office of Child Care and Head Start and caps the amount of eligible investments that may be certified at \$50,000 per year.

**LD 1130 An Act To Amend the Laws Regarding the Determination of Domicile
Based on the Geographic Location of an Individual's Bank**

**PUBLIC 132
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COURTNEY	OTP-AM MAJ ONTP MIN	S-59

This bill amends the definition of "resident individual" for the laws regarding income taxes to include that the geographic location of a bank with an active bank account or bank loan of the individual may not be used to determine if the individual is considered to be domiciled in Maine.

Committee Amendment "A" (S-59)

This amendment adds an emergency preamble and emergency clause to the bill. The amendment changes the bill by excluding all financial institutions rather than just banks from the criteria used to determine if an individual is considered to be domiciled in Maine for tax purposes.

Enacted Law Summary

Public Law 2011, chapter 132 amends the definition of "resident individual" for the laws regarding income taxes to specify that the geographic location of a financial institution with an active account or loan of the individual may not

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be used to determine if the individual is considered to be domiciled in Maine.

Public Law 2011, chapter 132 was enacted as an emergency measure effective May 23, 2011.

LD 1137 An Act To Conform Business Expense Deductions to Federal Law

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT TRAHAN	OTP-AM MAJ ONTP MIN	H-155

This bill permits businesses to claim business expense deductions for purchases to the same extent as permitted under federal income tax law. It was amended to adds corporations to the entities allowed to use the higher United States Internal Revenue Code, Section 179 expense deduction thresholds as permitted under federal income tax law.

Committee Amendment "A" (H-155)

This amendment adds corporations to the entities allowed to use the higher United States Internal Revenue Code, Section 179 expense deduction thresholds as permitted under federal income tax law.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part O.

**LD 1138 An Act To Prevent Unnecessary Expulsion of Landowners from the
Maine Tree Growth Tax Law Program**

Carried Over

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

This bill requires the State Tax Assessor to impose a \$100 administrative penalty on a landowner enrolled in the Maine Tree Growth Tax Law program if the landowner fails to file a forest management and harvest plan by the later of the end of the 10-year period and the end of the 120-day notice period given by the assessor to notify the landowner that a plan is needed. If the landowner still does not file a plan within one year of the end of the 10-year deadline, then the assessor is required to withdraw the land from the tree growth tax program and assess a withdrawal penalty. This bill also repeals the 15,000-acre cap on land enrolled in the farm and open space tax law program to allow easier transfer of property between that program and the tree growth tax law program.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

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LD 1142 Resolve, Directing the Department of Administrative and Financial Services, Bureau of Revenue Services To Review the Farm and Open Space Tax Law

RESOLVE 86

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT MASON	OTP-AM	H-580

This bill allows a farm-related structure on land enrolled in the farm and open space tax program to be taxed at a current use value established by a method determined by the Department of Agriculture, Food and Rural Resources working with the Department of Administrative and Financial Services, Bureau of Revenue Services, representatives of municipal assessors and farmers.

Committee Amendment "A" (H-580)

This amendment changes the bill to a resolve and changes the title. It requires the Department of Administrative and Financial Services, Bureau of Revenue Services to work with guidance from the Department of Agriculture, Food and Rural Resources to evaluate land used for agricultural activities enrolled in the farm and open space tax law and to consider land within the footprint of agriculture-related buildings. The amendment requires the bureau's review to consider the method for the valuation of such lands under a current use valuation methodology and an assessment of the thresholds for acreage and income that allows farmland to be assessed at current use. It requires the bureau to invite the participation of representatives from municipalities and a statewide farming association. It requires the bureau to submit a report with recommendations and suggested legislation to the Joint Standing Committee on Taxation and the Joint Standing Committee on Agriculture, Conservation and Forestry. It authorizes the Joint Standing Committee on Taxation to submit a bill pertaining to the recommendations of the report to the Second Regular Session of the 125th Legislature.

Enacted Law Summary

Resolve 2011, chapter 86 requires the Department of Administrative and Financial Services, Bureau of Revenue Services to work with guidance from the Department of Agriculture, Food and Rural Resources to evaluate land used for agricultural activities enrolled in the farm and open space tax law and to consider land within the footprint of agriculture-related buildings. It requires the bureau's review to consider the method for the valuation of such lands under a current use valuation methodology and an assessment of the thresholds for acreage and income that allows farmland to be assessed at current use. It requires the bureau to invite the participation of representatives from municipalities and a statewide farming association. It requires the bureau to submit a report with recommendations and suggested legislation to the Joint Standing Committee on Taxation and the Joint Standing Committee on Agriculture, Conservation and Forestry. It authorizes the Joint Standing Committee on Taxation to submit a bill pertaining to the recommendations of the report to the Second Regular Session of the 125th Legislature.

LD 1147 An Act To Conform Maine's Estate Tax to the Federal Estate Tax

INDEF PP

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

This bill raises the Maine estate tax exclusion amount from \$1,000,000 to \$5,000,000 beginning with estates of decedents dying on or after January 1, 2012 and conforms to the federal exclusion level thereafter.

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Committee Amendment "A" (S-133)

The Committee amendment strikes and replaces the bill. With respect to the estate tax for estates of decedents dying after December 31, 2011, it provides an exclusion amount of \$5,000,000 and provides for the calculation of the estate tax according to a progressive rate structure of 10% for estates of at least \$5,000,000 but less than \$8,000,000 and 12% for estates of \$8,000,000 or more. For estates of decedents dying on or after January 1, 2011, it provides conformance with federal law with respect to the treatment of Maine qualified terminable interest property. It also clarifies provisions related to the estates of nonresidents.

Senate Amendment "B" To Committee Amendment "A" (S-217)

This amendment decreases the Maine exclusion amount proposed in Committee Amendment "A" from \$5,000,000 to \$2,000,000 and changes the tiers of the graduated rate structure by imposing a tax rate of 8% on estates of more than \$2,000,000 but no more than \$5,000,000; 10% on estates of more than \$5,000,000 but no more than \$8,000,000; and 12% on estates valued at more than \$8,000,000. See LD 1043, Part M.

LD 1157 An Act To Protect Property Tax Revenue in the Unorganized Territory

**MINORITY
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUNPHY WHITTEMORE	OTP-AM MAJ ONTP MIN	

This bill provides that a tax increment financing district containing a grid-scale wind energy development in the unorganized territory may not be approved by the Commissioner of Economic and Community Development after a permit has been issued for the wind energy development or if federal funding is approved for the wind energy development or if a person intends to claim state or federal tax credits for the development. If funding or a tax credit is received by a person after approval of the tax increment financing district, the person receiving the funding or credit must pay that amount to the State to be used to reduce property taxes in the unorganized territory.

**LD 1161 An Act To Waive Penalties Imposed under Laws Governing Taxation
for Persons Who Are Unemployed**

ONTP

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

This bill requires the State Tax Assessor to waive the penalties imposed for failing to file an income tax return or failing to pay, in whole or in part, income taxes due if the person is unemployed. The burden is on the person to prove unemployment status.

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LD 1164 An Act To Support Maine Farms and Alleviate Hunger

Carried Over

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DION ALFOND		

This bill provides an income tax credit up to \$5,000 to persons engaged in commercial agricultural production for donations of food to incorporated nonprofit organizations that provide free food to low-income individuals for the purpose of alleviating hunger.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 1174 An Act To Help Maine's Employers To Recruit Skilled Workers by Expanding the Availability of the Educational Opportunity Tax Credit

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT WOODBURY	OTP-AM MAJ ONTP MIN	H-267

This bill amends the Job Creation Through Educational Opportunity Program to allow a tax credit for student loans incurred by a person who receives an associate degree or a bachelors degree from any accredited community college, college or university, not just one located in Maine.

Committee Amendment "A" (H-267)

This amendment provides that the Job Creation Through Educational Opportunity Program tax credit is available to participants who receive an associate or bachelor's degree at an accredited community college, college or university not located in this State only if the associate or bachelor's degree is awarded after December 31, 2011. It applies to qualifying educational opportunity loans entered into before July 1, 2022; the intent of this limitation is to require reconsideration of the program to determine whether it should be continued.

LD 1205 An Act To Provide Economic Incentives to Businesses for the Collection of State Taxes

MAJORITY (ONTP) REPORT

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

This bill permits persons that are required to register under Maine's sales and use tax laws to deduct and retain an amount equal to up to 1% of the sales and use taxes they collect, as reimbursement for the expenses they incur in the collection of sales and use taxes on behalf of the State.

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LD 1216 An Act To Impose an Excise Tax on the Extraction of Water for Bottling ONTP

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

This bill creates an excise tax of 1¢ per gallon on the extraction of surface water or groundwater from springs or other underground sources by a bottled water operator who packages water for sale in containers of 5 gallons or less and who extracted more than 1,000,000 gallons in the previous calendar year.

LD 1225 An Act To Create an Income Tax Return Checkoff To Fund Cancer Screening, Detection and Prevention Carried Over

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STRANG BURGESS RAYE		

This bill creates a checkoff on the income tax form to allow tax filers to donate to the Comprehensive Cancer Screening, Detection and Prevention Fund for funding the cancer prevention and control program.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 1226 An Act To Prevent and Treat Cancer in Maine by Implementing Critical Portions of the Comprehensive Cancer Program MAJORITY (ONTP) REPORT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STRANG BURGESS SAVIELLO	ONTP MAJ OTP-AM MIN	

This bill provides funding for a portion of the cancer prevention and control program plan originally enacted into law during the First Regular Session of the 123rd Legislature by providing an ongoing Other Special Revenue Funds allocation for a comprehensive cancer screening, detection and prevention program. This bill requires all tobacco products other than cigarettes to be taxed at the rate of \$2.00 per ounce to provide the funding.

LD 1235 An Act To Allow a Tax-free Employee Illness Account ONTP

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

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This bill allows an employer to establish an illness account for employees who do not receive compensated sick leave. Both the employer and employee may contribute to the illness account up to an amount equal to one week of the employee's wages, and the employee may withdraw funds from the account equal to one hour of the employee's wages for every hour the employee is unable to perform the employee's duties due to illness. The employee may also withdraw an amount up to the entire amount in the illness account once every year. The funds contributed to the account are not subject to state unemployment tax or income tax.

LD 1259 An Act To Encourage Computer Data Center Development

ONTP

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

This bill provides a sales tax refund or exemption for sales of eligible server equipment, eligible power infrastructure and electronic data storage and data management services to an eligible computer data center that begins operation between October 1, 2011 and October 1, 2014. A qualifying business must add at least 20 jobs with above-average wages within 6 years after the business first becomes eligible or the amount of exempt or refunded taxes plus interest will be recaptured by the State.

LD 1266 An Act To Protect Municipalities That Host Wind Energy Developments

**MAJORITY
(ONTP) REPORT**

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

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

This bill proposes to create a mechanism to protect a community that hosts a wind energy development against financial loss regarding agreements related to that development. This bill proposes to provide a host community with a secured claim under a community benefit agreement under the Maine Revised Statutes, Title 35-A, section 3454, a tax increment financing agreement under Title 30-A, chapter 206 or any other financial arrangement that exposes a municipality to financial risk in the event a wind energy development becomes insolvent and with payment in lieu of taxes in the event a wind energy development becomes insolvent. In addition, the bill proposes to address issues related to the value of a wind energy development by creating an assessment methodology that considers the accelerated depreciation schedule for wind energy development equipment when determining the tax increment financing value or other assessment value to ensure the municipality is not exposed to undue risk.

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LD 1287 An Act To Create a Scholarship Granting Organization Tax Credit

**MAJORITY
(ONTP) REPORT**

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

This bill establishes a scholarship granting organization credit to provide a Maine income tax credit to individuals and corporations who donate to scholarship granting organizations. Scholarship granting organizations are defined as organizations that provide educational scholarships to public or private school students in kindergarten to grade 12 who are from households in which the household incomes are no more than 250% of the income guidelines used to qualify for the federal free and reduced price lunch program.

The amount of the credit is the amount of voluntary cash contributions made to a scholarship granting organization, up to a maximum of 50% of the tax owed. Scholarship granting organizations that receive such contributions are subject to reporting requirements. The credit is not available for an educational scholarship provided to a student who attends a school that employs a paid staff or board member, or that person's immediate family member, who is a member or an immediate family member of a member of the scholarship granting organization.

**LD 1292 Resolve, To Establish a Study Group To Examine the Taxation by
Municipalities of Renewable Energy Facilities' Property**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CORNELL DU HOUX	ONTP	

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

This resolve proposes to establish a study group whose purpose is to develop a method of property taxation of renewable energy facilities. This method of taxation will be applied uniformly across the State, which will allow renewable energy facilities to create an accurate business plan when determining whether to build in a municipality. Among the proposals to be considered by the study group would be a 10-year exemption of renewable energy facilities from property taxation.

**LD 1295 An Act To Amend the Process of Resolving Property Tax Abatement
Disputes**

ONTP

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

This bill amends the real property tax abatement process by:

1. Requiring the notice of decision of a denial of an application for abatement to contain the specific reasons for the

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denial; and

2. Allowing a person whose abatement based on the valuation of property is denied to obtain, prior to appealing the denial, 2 appraisals of the property for which the abatement is requested and submit these as proof of value to the assessors or municipal officers who denied the abatement application. The assessors or municipal officers may either accept the average of the appraisals as proof of value and allow the abatement or deny the abatement and file an appeal with the Superior Court or board of assessment review; the scope of the appeal is limited to the validity of the appraisals.

LD 1325 An Act To Amend the Tax Laws

PUBLIC 285

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT	OTP-AM MAJ ONTP MIN	H-461

This bill makes the following changes to the laws governing taxation.

1. It eliminates the requirement that a visual media production company submit a copy of its certified visual media production report to the State Tax Assessor.
2. It imposes a specific requirement that, if the sales tax is not separately stated, a retailer must include a statement on the sales slip or invoice presented to the purchaser that the stated price includes Maine sales tax.
3. In Public Law 2009, chapter 620, the Legislature changed the law to provide for a reduced sales tax rate for watercraft purchased and kept in the State or brought into the State by nonresidents for more than 30 days. The bill clarifies the intent of the Legislature in changing the Maine Revised Statutes, Title 36, section 1760, subsection 25 to exempt from sales and use tax watercraft used in this State for no more than 30 days by a nonresident. The bill also repeals redundant language. The bill provides for a retroactive application of these changes to the effective date of Public Law 2009, chapter 620.
4. It clarifies and expands provisions enacted by Public Law 2009, chapter 632 that require the State Tax Assessor to post certain information relating to products used in commercial agricultural or silvicultural crop production or in animal agricultural production on the publicly accessible website of the Department of Administrative and Financial Services, Bureau of Revenue Services.
5. It removes the requirement that the State Tax Assessor issue classified permits to registered retailers and clarifies that only individual taxpayers may report sales tax on casual rentals of living quarters on their individual income tax returns. The bill provides that classified permits previously issued remain in effect.
6. It requires persons making delivery sales of cigarettes or tobacco products to obtain a distributor's license and pay Maine taxes, as provided by federal law.
7. It applies the criminal penalties for filing a false tax return or document to false tax returns and documents filed electronically.

Committee Amendment "A" (H-461)

This amendment provides that the sales tax exemption for Pine Tree Development Zone businesses applies to the sale of the transmission and distribution of electricity to those businesses.

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Enacted Law Summary

Public Law 2011, chapter 285 makes the following changes to the laws governing taxation.

1. It eliminates the requirement that a visual media production company submit a copy of its certified visual media production report to the State Tax Assessor.
2. It imposes a specific requirement that, if the sales tax is not separately stated, a retailer must include a statement on the sales slip or invoice presented to the purchaser that the stated price includes Maine sales tax.
3. It clarifies the intent of the Legislature in changing the Maine Revised Statutes, Title 36, section 1760, subsection 25 to exempt from sales and use tax watercraft used in this State for no more than 30 days by a nonresident and repeals redundant language. This is related to Public Law 2009, chapter 620, which changed the law to provide for a reduced sales tax rate for watercraft purchased and kept in the State or brought into the State by nonresidents for more than 30 days. Public Law 2011, chapter 285 provides for a retroactive application of these changes in section 1760 to be consistent with the effective date of Public Law 2009, chapter 620.
4. It clarifies and expands provisions enacted by Public Law 2009, chapter 632 that require the State Tax Assessor to post certain information relating to products used in commercial agricultural or silvicultural crop production or in animal agricultural production on the publicly accessible website of the Department of Administrative and Financial Services, Bureau of Revenue Services.
5. It removes the requirement that the State Tax Assessor issue classified permits to registered retailers and clarifies that only individual taxpayers may report sales tax on casual rentals of living quarters on their individual income tax returns. It provides that classified permits previously issued remain in effect.
6. It requires persons making delivery sales of cigarettes or tobacco products to obtain a distributor's license and pay Maine taxes, as provided by federal law.
7. It applies the criminal penalties for filing a false tax return or document to false tax returns and documents filed electronically.
8. It provides that the sales tax exemption for Pine Tree Development Zone businesses applies to the sale of the transmission and distribution of electricity to those businesses.

LD 1336 An Act To Provide an Internship Employment Tax Credit

**DIED BETWEEN
HOUSES**

Sponsor(s)

GOODALL

Committee Report

ONTP MAJ
OTP-AM MIN

Amendments Adopted

This bill creates a tax credit for employers that employ qualified interns. The employer is entitled to a nonrefundable credit equal to 10% of the wages, stipend or salary paid to the intern and may not receive more than \$3,000 in total credits for all taxable years combined. The credit applies to the wages, stipend or salary of no more than 5 interns employed at the same time.

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LD 1341 An Act To Provide Rent Relief to Low-income Maine Residents ONTP

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

This bill amends the Circuitbreaker Program to increase the percentage of rent paid that may be claimed by an elderly household and a nonelderly household to 100% of the gross rent actually paid; the current claim limits are 25% and 20%, respectively, of the gross rent actually paid.

LD 1350 An Act To Provide Income Tax Relief ONTP

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

This bill reforms the Maine income tax by establishing a rate structure that includes 6 income tax bracket thresholds with top marginal tax rates from 0% to 10%. The income thresholds for each rate would be calculated by the State Tax Assessor every 5 years to maintain the same level of progressivity of the tax by maintaining the same percentage of taxpayers in each top marginal rate category.

LD 1351 An Act To Improve and Simplify the Application for Benefits under the Circuitbreaker Program ONTP

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

This bill makes the following changes to the Maine Residents Property Tax Program, also known as the Circuitbreaker Program.

1. It simplifies the income calculation by excluding from household income the income of dependents and certain miscellaneous income. It also excludes from household income other income, such as nontaxable strike benefits, but only if the total of that income is less than \$5,000.
2. It changes the time for filing an application. For calendar year 2011 benefits, the application period is August 1, 2012 through May 31, 2013. For calendar year 2012 benefits, the application period is August 1, 2013 through November 30, 2013. For benefit periods after 2012, the application must be filed during or after January and on or before November 15th of the following calendar year.
3. It expands eligibility under the program by increasing maximum income thresholds from \$60,000 to \$80,000 for single-member households and from \$80,000 to \$110,000 for households with 2 or more members. The bill also increases the maximum benefit from \$2,000 to \$3,000.

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LD 1369 An Act To Simplify the Maine Income Tax Law

ONTP

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

This bill simplifies the Maine Income Tax Law and replaces the current system with a system of personal income taxation that calculates state income tax as a percentage of federal income tax liability. The bill also provides a mechanism for the State Tax Assessor to adjust the tax rate when changes in federal law are estimated to change total federal anticipated revenue by more than 4% to maintain forecasted state income tax revenue.

LD 1371 An Act To Promote Fair and Efficient Resolutions in Tax Disputes

PUBLIC 439

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT TRAHAN	OTP-AM MAJ ONTP MIN	H-629 H-660 KNIGHT

This bill eliminates the current appellate division within the Department of Administrative and Financial Services, Bureau of Revenue Services and replaces it with the Independent Appeals Office. The bill changes provisions relating to the position of taxpayer advocate in the bureau. The funds used to support existing positions that are eliminated are transferred to support the newly created positions.

The bill amends the procedure for administrative appeals resulting from assessments and other determinations of the State Tax Assessor by providing a 90-day period within which the division that issued the determination and the taxpayer may attempt to settle disputed issues before a reconsideration conference is scheduled. It establishes a process for the Independent Appeals Office to hear and decide reconsideration requests, which are currently decided by the appellate division of the Bureau of Revenue Services but are subject to review and input by the State Tax Assessor, and by other members of the Bureau of Revenue Services, including the division of the Bureau of Revenue Services that issued the assessment. Pursuant to this bill, appeals officers are not permitted ex parte communications with other employees of the Bureau of Revenue Services or the petitioner. Any additional costs of the Independent Appeals Office may be funded by the \$100 fee paid by the petitioner for appeals conferences.

The taxpayer advocate established in the bill is modeled after the Taxpayer Advocate Service offered by the Federal Government to assist taxpayers in relation to the federal Internal Revenue Service. The taxpayer advocate assists taxpayers in relation to the Bureau of Revenue Services, identifies issues and suggests solutions to the Bureau of Revenue Services and reports on the taxpayer advocate's activities to the joint standing committee of the Legislature having jurisdiction over taxation matters in order to provide information to assist the Legislature in determining whether additional legislation is needed to improve the operations of the Bureau of Revenue Services.

This bill also provides that when the State Tax Assessor has failed to comply with the taxpayer's requests that a representative with a valid power of attorney authorized to receive communications addressed to the taxpayer be notified of a determination, then the taxpayer is considered to have not received notice of a determination until such time as the representative receives notice.

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This bill also preserves the confidentiality of taxpayer information by allowing taxpayers and others, upon specific request, to obtain copies of reconsideration decisions with identifying information eliminated. The costs of eliminating identifying information must be paid by the person making the request. The State Tax Assessor is also permitted to provide the Taxpayer Advocate access to information necessary to assist taxpayers. The bill provides transition provisions and an effective date of July 1, 2012.

Committee Amendment "A" (H-629)

This amendment changes the deadline in the bill for requesting reconsideration of a tax assessment from 30 days after the receipt of the notice of the assessment to 60 days after receipt of the notice. It removes the section of the bill related to notification requirements for taxpayers with a designated power of attorney.

The amendment gives the Commissioner of Administrative and Financial Services, instead of the State Tax Assessor, the authority to appoint for 5-year terms the Chief Appeals Officer in the Independent Appeals Office. The amendment requires nominations of the Chief Appeals Officer to be submitted to the Taxation Committee for review. The amendment authorizes the Commissioner or the Chief Appeals Officer to hire appeals officers and administrative staff, provides a process for removal of the Chief Appeals Officer and removes provisions that allow the assessor to file an appeal.

The amendment requires the Chief Appeals Officer to submit an annual report beginning January 1, 2013.

The amendment requires the Commissioner rather than the assessor to appoint the taxpayer advocate.

The amendment also removes the requirement that the Bureau of Revenue Services submit emergency legislation concerning the transition of cases from the old administrative appeals process to the new process.

The amendment adds an appropriations and allocations section.

House Amendment "A" To Committee Amendment "A" (H-660)

This amendment makes several changes to maintain costs within existing resources. It requires that the Chief Appeals Officer and the taxpayer advocate be hired by the Commissioner of Administrative and Financial Services rather than appointed. It specifies that the taxpayer advocate need not be an attorney. It specifies that the number of positions and salary ranges of the Independent Appeals Office and taxpayer advocate may not exceed the positions and salary ranges of the current appellate division and taxpayer advocate. It also specifies that the Department of the Attorney General is not authorized to add any positions as a result of this amendment, and it provides that the Commissioner, the State Tax Assessor and the Chief Appeals Officer shall manage the implementation of this Act to maintain costs within existing resources.

Enacted Law Summary

Public Law 2011, chapter 439 eliminates the current appellate division within the Department of Administrative and Financial Services, Bureau of Revenue Services and replaces it with the Independent Appeals Office. It requires that the personal services costs for the office do not exceed the costs of the division it replaces. It also changes provisions relating to the position of taxpayer advocate in the bureau. The funds used to support existing positions that are eliminated are transferred to support the newly created positions.

Public Law 2011, chapter 439 amends the procedure for administrative appeals by providing up to 60 days for a person who is subject to an assessment or determination to request, in writing, a reconsideration of that assessment or determination. It provides a 90-day period within which the taxpayer and the division that issued the determination may attempt to settle disputed issues before the matter is forwarded to the appeals office.

Public Law 2011, chapter 439 provides for a process for an appeal of a decision arising from a petition for reconsideration. An appeals officer presides over the appeals conference, exercises independent judgment and is prohibited from ex parte communications with other employees of the Bureau of Revenue Services or the petitioner. The appeals officer must render a written decision that includes findings of fact and conclusions of law. The

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decision is not subject to further review by the State Tax Assessor or any employee outside the appeals office. Additional costs of the Independent Appeals Office may be funded by a \$100 fee paid by the petitioner for appeals conferences. A taxpayer may file a petition in Superior Court if the appeal is deemed denied and the court shall conduct a de novo hearing and make a de novo determination of the case.

Public Law 2011, chapter 439 establishes the taxpayer advocate's duties and responsibilities in statute and directs the taxpayer advocate to assist taxpayers in resolving problems with the Bureau of Revenue Services, suggest solutions to the bureau and identify legislative changes that may be necessary. The taxpayer advocate may investigate complaints and make recommendations to the State Tax Assessor.

Public Law 2011, chapter 439 preserves the confidentiality of taxpayer information by allowing taxpayers and others, upon specific request, to obtain copies of reconsideration decisions with identifying information eliminated. The costs of eliminating identifying information must be paid by the person making the request. The State Tax Assessor is also permitted to provide the Taxpayer Advocate with access to information necessary to assist taxpayers. The taxpayer advocate and the Chief Appeals Officer shall report annually to Taxation Committee, the State Tax Assessor and the Governor. Public Law 2011, chapter 439 provides transition provisions and an effective date of July 1, 2012.

LD 1384 An Act To Provide a Sales Tax Holiday

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STRANG BURGESS ROSEN R	OTP-AM MAJ ONTP MIN	H-288

This bill provides an exemption from the sales tax for items sold over the first weekend in October 2011 including Energy Star products. The bill also sets out exemptions to the sales tax holiday weekend. The bill requires the Executive Director of the Bureau of Revenue Services within the Department of Administrative and Financial Services to report to the State Controller the amount of sales tax unpaid, as well as revenue raised from personal and corporate income taxes and other sources, as a result of the sales tax holiday weekend. The Bureau of Revenue Services in consultation with the Maine Merchants Association is required to recommend one weekend beginning annually in 2012 to designate as a sales tax holiday weekend and report to the Joint Standing Committee on Taxation. The Joint Standing Committee on Taxation has authority to submit legislation to the Second Regular Session of the 125th Legislature pertaining to the dates that are selected for the sales tax holiday weekend.

Committee Amendment "A" (H-288)

This amendment changes the bill by limiting the sales tax holiday to one day and limiting the exemption from the sales tax to the sale of individual items of clothing up to \$200 and Energy Star products up to \$1,500. The amendment eliminates the provisions requiring certification of the amount of sales tax unpaid as well as revenue raised as a result of the sales tax holiday and submission of a report to the Joint Standing Committee on Taxation. It also adds an appropriations and allocations section.

This bill was placed on the Special Appropriations Table and died on adjournment.

Joint Standing Committee on Taxation

**LD 1385 An Act To Provide Tax Relief to Residents Deployed for Military Duty
or Stationed outside of Maine**

PUBLIC 313

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EVES DIAMOND	OTP-AM	H-510

Current law exempts from excise tax motor vehicles owned by a resident or nonresident on active military duty who is permanently stationed at a military base in Maine.

This bill also exempts from the excise tax vehicles owned by residents of Maine who are on active military duty and who are either permanently stationed at a military or naval base outside of Maine or are deployed for military service in the United States Armed Forces, including the National Guard and Reserves, for a period of more than 30 days.

Committee Amendment "A" (H-510)

This amendment replaces the bill and allows a municipality the option of exempting from excise tax vehicles owned by residents of Maine who are on active military duty and who are either permanently stationed at a military or naval base outside of Maine or deployed for military service in the United States Armed Forces, including the National Guard and Reserves, for a period of more than 180 days. It also provides an effective date of January 1, 2012.

Enacted Law Summary

Public Law 2011, chapter 313 allows a municipality the option of exempting from excise tax vehicles owned by residents of Maine who are on active military duty and who are either permanently stationed at a military or naval base outside of Maine or deployed for military service in the United States Armed Forces, including the National Guard and Reserves, for a period of more than 180 days. It also provides an effective date of January 1, 2012.

**LD 1401 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Restrict Property Revaluations**

ONTP

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

This resolution proposes to amend the Constitution of Maine to:

1. Allow for the change in valuation of real property and the buildings on that real property only upon a change in ownership, a change in type of land use or the expansion of the land use to increase income;
2. Limit the change in valuation to the greater of the just value and the appraised just value of the taxable real property as may be required by the local tax assessor;
3. Require the equalized just value of a municipality to equal 100%; and
4. Require that the change in value be subject to the real estate transfer tax, which must be paid solely by the seller if there is a change in ownership, or by the owner if there is a change or expansion in land use, and require that the tax be paid to the municipality and used only for the purpose of property tax relief.

Joint Standing Committee on Taxation

LD 1414 An Act To Provide Property Tax Relief for Year-round Residents 67 Years of Age or Older ONTP

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

This bill establishes an additional property tax relief for residents 67 years of age or older who qualify for the Circuitbreaker Program, have an income of no more than \$75,000 and assets of no more than \$200,000.

LD 1440 An Act To Amend the Nonresident Income Tax Filing Requirements DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY	OTP-AM MAJ ONTP MIN	S-134

This bill provides new minimum taxability thresholds for nonresidents. The new thresholds permit greater income-earning activity by nonresidents in the State before Maine income tax liability is triggered. The bill also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training, management functions, equipment upgrades and new investment.

Committee Amendment "A" (S-134)

This amendment adds an appropriations and allocations section.

This bill was placed on the Special Appropriations Table and died on adjournment. See LD 1043, Part CCCC.

LD 1449 An Act To Strengthen Maine Industry through Energy Efficiency Investment ONTP

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

This bill creates a 50% income tax credit for any capital investment in a manufacturing facility that the Efficiency Maine Trust has determined is cost effective and is likely to reduce the facility's net energy costs through energy efficiency, renewable energy technology or smart grid technology. During a transition period that ends January 1, 2018, a taxpayer may elect to take the credit rather than claiming the sales and use tax exemptions applicable to the purchase of fuel and electricity for manufacturing facilities. After that date, the income tax credit will replace the sales and use tax exemption.

Joint Standing Committee on Taxation

LD 1459 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2011-12

**PUBLIC 235
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-266

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-266)

This amendment corrects a mathematical error.

Enacted Law Summary

Public Law 2011, chapter 235 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 2011, chapter 235 was enacted as an emergency measure effective June 6, 2011.

LD 1468 An Act Concerning Technical Changes to the Tax Laws

PUBLIC 240

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT	OTP-AM	H-336

This bill makes the following changes to the laws governing taxation:

1. It clarifies and corrects cross-references; rectifies grammar, punctuation and spelling errors; repeals obsolete statutes; and replaces archaic and gender-specific language;
2. It relocates a provision of law relating to the Secretary of State from the Maine Revised Statutes, Title 36 to Title 29-A;
3. It clarifies that the State Tax Assessor is authorized to assess unpaid taxes and penalties;
4. It deletes obsolete requirements that certain schedules must be submitted in duplicate;
5. It deletes obsolete provisions relating to calendar year registrations of motor vehicles;
6. It clarifies the scope of the sales tax exemption for certain packaging materials, consistent with longstanding administrative practice;
7. It eliminates a cross-reference to a statute that has been repealed;

Joint Standing Committee on Taxation

- 8. It clarifies the computation of the visual media production credit;
- 9. It provides for application of the credit for rehabilitation of historic properties to condominiums, consistent with current administrative practice; and
- 10. It clarifies the computation of the visual media production reimbursement.

Committee Amendment "A" (H-336)

This amendment removes a provision amending the insurance premium tax law regarding the rate of tax paid by out-of-state insurance companies and adds contractual payments for the services of individuals working in the State to the definition of "certified production wages," as amended by the bill, under the tax reimbursement program for certified visual media production companies. This amendment adds a provision to apply the changes to the visual media production company tax reimbursement to applications filed on or after January 1, 2011.

Enacted Law Summary

Public Law 2011, chapter 240 makes the following changes to the laws governing taxation:

- 1. It clarifies and corrects cross-references; rectifies grammar, punctuation and spelling errors; repeals obsolete statutes; and replaces archaic and gender-specific language;
- 2. It relocates a provision of law relating to the Secretary of State from the Maine Revised Statutes, Title 36 to Title 29-A;
- 3. It clarifies that the State Tax Assessor is authorized to assess unpaid taxes and penalties;
- 4. It deletes obsolete requirements that certain schedules must be submitted in duplicate;
- 5. It deletes obsolete provisions relating to calendar year registrations of motor vehicles;
- 6. It clarifies the scope of the sales tax exemption for certain packaging materials, consistent with longstanding administrative practice;
- 7. It eliminates a cross-reference to a statute that has been repealed;
- 8. It clarifies the computation of the visual media production credit and the the visual media production reimbursement; and
- 9. It provides for application of the credit for rehabilitation of historic properties to condominiums, consistent with current administrative practice.

LD 1470 An Act To Ensure Harvesting of Timber on Land Taxed under the Carried Over
Maine Tree Growth Tax Law

Sponsor(s)

RAYE

Committee Report

Amendments Adopted

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

Joint Standing Committee on Taxation

This bill proposes to ensure that future applicants for classification of land under the Maine Tree Growth Tax Law are eligible only if they are actually engaged in harvesting timber and not using the land as a property tax shelter without harvesting.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 1535 An Act Relating to Fiscal Notes on Proposed Legislation

Carried Over

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

This bill requires the Department of Administrative and Financial Services, Bureau of Revenue Services and the Office of Fiscal and Program Review to prepare a dynamic fiscal note for any legislation that involves a tax expenditure or an increase or decrease in tax revenue resulting in a projected direct annual revenue impact of more than \$1,000,000. The dynamic fiscal note must include an analysis of the anticipated effects of any significant behavioral changes expected as a result of the legislation, excluding those reflected in the standard fiscal note, and must analyze any significant secondary and indirect economic effects of the legislation, including the effects on jobs, incomes and capital investment as well as the overall effect on the State's economy. Dynamic fiscal notes are for informational purposes only.

This bill was carried over to any special and/or regular session of the 125th Legislature by joint order, H.P. 1190.

LD 1574 An Act To Tax Water Used by Hydroelectric Facilities

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLARK H		

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

This bill proposes to impose a state tax on the use of water by a hydroelectric facility to generate electricity for sale. Revenue from the tax, after a deduction for administrative costs, would be paid by the State to the municipality where the facility is located.

The Joint Standing Committee on Taxation was the suggested committee of reference for this bill. The bill was "indefinitely postponed in concurrence" without reference to any committee.

LD 1578 Resolve, Relating to the State Valuation of the Town of East Millinocket

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLARK H THOMAS	ONTP	

Joint Standing Committee on Taxation

The Town of East Millinocket is the site of the recently closed Katahdin Paper Company pulp and paper mill. The closure of the mill has resulted in the loss of 400 jobs is expected to result in the town's reducing the valuation of the mill property by \$66,000,000. The legislation was introduced as the Town of East Millinocket expected to have to pay county taxes based upon the lost valuation and believed the municipality would lose education subsidy and state-municipal revenue sharing based upon the lost valuation. However, the Taxation Committee determined that the municipal issue could be addressed pursuant to Title 36, section 208-A.

Joint Standing Committee on Taxation

SUBJECT INDEX

Administration of Tax Laws

Enacted

LD 1371 **An Act To Promote Fair and Efficient Resolutions in Tax Disputes** **PUBLIC 439**

Not Enacted

LD 176 **An Act Regarding Sales and Use Tax Audit Procedures and Enforcement** **ONTP**

LD 451 **Resolve, To Study Adoption of the Streamlined Sales and Use Tax Agreement** **MAJORITY (ONTP) REPORT**

LD 469 **An Act To Increase the Collection of Sales and Use Tax** **MAJORITY (ONTP) REPORT**

LD 590 **An Act To Require Review of Certain Changes to Sales Tax Policy Application or Practice prior to Implementation** **Carried Over**

LD 868 **An Act To Reform Maine Revenue Services Procedures** **ONTP**

LD 1535 **An Act Relating to Fiscal Notes on Proposed Legislation** **Carried Over**

Cigarette and Tobacco Taxes

Enacted

LD 617 **An Act To Modify the Process Regarding the Return of Unfit Tobacco Products** **PUBLIC 441**

Not Enacted

LD 536 **An Act To Help Deter Youth Smoking and To Help Smokers Quit** **MAJORITY (ONTP) REPORT**

LD 1226 **An Act To Prevent and Treat Cancer in Maine by Implementing Critical Portions of the Comprehensive Cancer Program** **MAJORITY (ONTP) REPORT**

Commercial Forestry Excise Tax

Enacted

LD 921 **An Act To Clarify the Collection Process for the Commercial Forestry Excise Tax** **PUBLIC 462**

Estate Tax

Not Enacted

LD 195	An Act To Provide Relief from Estate Tax Valuation Requirements for Surviving Spouses	ONTP
LD 423	An Act To Eliminate Maine's Estate Tax	ONTP
LD 490	An Act To Exempt the Value of Family Farms from the Estate Tax	ONTP
LD 898	An Act To Reform the Maine Estate Tax	ONTP
LD 1147	An Act To Conform Maine's Estate Tax to the Federal Estate Tax	INDEF PP

Excise Tax

Enacted

LD 1385	An Act To Provide Tax Relief to Residents Deployed for Military Duty or Stationed outside of Maine	PUBLIC 313
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Not Enacted

LD 79	An Act To Base the Excise Tax on Vehicles on a Percentage of the Manufacturer's Suggested Retail Price	MAJORITY (ONTP) REPORT
LD 117	An Act To Amend the Location of Motor Vehicle Excise Tax Collection for Motor Vehicles Owned by Public Utilities	MAJORITY (ONTP) REPORT
LD 238	An Act To Limit the Vehicle Excise Tax Exemption Provided to Benevolent and Charitable Institutions and To Repeal the Exemption Provided to Literary and Scientific Institutions	ONTP
LD 436	An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of a Motor Vehicle	ONTP
LD 462	An Act To Amend the Laws Governing Excise Tax Credits	ONTP
LD 706	An Act To Base the Motor Vehicle Excise Tax on Ninety Percent of the Maker's List Price	ONTP
LD 1216	An Act To Impose an Excise Tax on the Extraction of Water for Bottling	ONTP

Hospital and Health Care Provider Taxes

Enacted

LD 1016	An Act To Restore the Health Care Provider Tax to 6 Percent	PUBLIC 411
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Not Enacted

LD 577 **An Act To Limit Taxes on Hospitals** ONTP

Income Tax - General

Enacted

LD 1130 **An Act To Amend the Laws Regarding the Determination of Domicile Based on the Geographic Location of an Individual's Bank** PUBLIC 132
EMERGENCY

Not Enacted

LD 500 **An Act To Create an Income Tax Checkoff To Benefit Libraries** ONTP

LD 549 **An Act Regarding the Recognition of Corporate Entities for Tax Purposes** INDEF PP

LD 1161 **An Act To Waive Penalties Imposed under Laws Governing Taxation for Persons Who Are Unemployed** ONTP

LD 1225 **An Act To Create an Income Tax Return Checkoff To Fund Cancer Screening, Detection and Prevention** Carried Over

Income Tax - Reform

Not Enacted

LD 9 **An Act To Reduce Income Tax to 4.5% and Remove Low-income Families from Taxation** ONTP

LD 849 **An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes** Carried Over

LD 1350 **An Act To Provide Income Tax Relief** ONTP

LD 1369 **An Act To Simplify the Maine Income Tax Law** ONTP

Income Tax Credits, Exemptions, Deductions and Incentives

Enacted

LD 22 **An Act To Improve the Maine Seed Capital Tax Credit** PUBLIC 454

LD 164 **An Act To Extend the Dental Care Access Credit for Dentists Who Practice in Underserved Areas of the State** PUBLIC 434

LD 358 **An Act To Exempt from the Income Tax Military Survivors Annuity Payments** PUBLIC 138

LD 433 **An Act To Exempt from Income Tax the Income of Nonresidents Working in Maine Pursuant to an Interlocal Agreement** PUBLIC 130

LD 742 **An Act To Amend the Maine Historic Preservation Tax Credit** PUBLIC 453

Not Enacted

LD 119	An Act To Allow a Tax Credit for Students Enrolled in Postsecondary Nondegree Programs	ONTP
LD 140	An Act To Eliminate the Restriction on Net Operating Loss Carry-forwards	DIED ON ADJOURNMENT
LD 255	An Act To Provide an Income Tax Deduction for Amounts Received as Loan Forgiveness under the Maine Dental Education Loan Program	ONTP
LD 260	An Act To Extend the Historic Preservation Tax Credit	DIED IN CONCURRENCE
LD 338	An Act To Provide an Income Tax Credit for Persons Engaged in Commercial Forestry	HELD BY GOVERNOR
LD 421	An Act To Create the Maine Fishery Infrastructure Tax Credit Program	DIED ON ADJOURNMENT
LD 489	An Act To Exempt Active Duty Armed Services Income from the Income Tax	ONTP
LD 521	An Act To Employ the Unemployed	MAJORITY (ONTP) REPORT
LD 647	An Act To Exempt Retired Military Pay from State Income Tax	DIED ON ADJOURNMENT
LD 695	An Act To Reduce Taxes and Promote Employment	DIED IN CONCURRENCE
LD 705	An Act To Reduce the Income Tax for Low-income Families	ONTP
LD 707	An Act To Increase the State Earned Income Credit	ONTP
LD 805	An Act To Decrease the Tax Burden on Maine's Seniors	DIED ON ADJOURNMENT
LD 835	An Act To Strengthen Maine's Economy through Improvements to the Educational Opportunity Tax Credit	Carried Over
LD 836	An Act To Repeal the Alternative Minimum Tax	DIED ON ADJOURNMENT
LD 847	An Act To Increase the Amount of Deductible Business Expense Allowed for Property Placed in Service Beginning in 2011	ONTP
LD 875	An Act To Provide an Incentive for Unemployed Persons To Become Self-employed	ONTP

LD 876	An Act To Convert Vacant Commercial Property to Occupied Commercial Property	Carried Over
LD 991	An Act To Establish the Maine New Markets Capital Investment Program	DIED ON ADJOURNMENT
LD 1044	An Act To Allow a Tax Credit for Tuition Paid to Private Schools	ONTP
LD 1086	An Act To Promote Plug-in Electric Vehicle Sales	MAJORITY (ONTP) REPORT
LD 1092	An Act To Allow a Tax Credit for Tuition Paid to Private Schools	DIED BETWEEN HOUSES
LD 1118	An Act To Provide a Tax Credit for High-quality Child Care Sites	MAJORITY (ONTP) REPORT
LD 1137	An Act To Conform Business Expense Deductions to Federal Law	DIED ON ADJOURNMENT
LD 1164	An Act To Support Maine Farms and Alleviate Hunger	Carried Over
LD 1174	An Act To Help Maine's Employers To Recruit Skilled Workers by Expanding the Availability of the Educational Opportunity Tax Credit	INDEF PP
LD 1287	An Act To Create a Scholarship Granting Organization Tax Credit	MAJORITY (ONTP) REPORT
LD 1336	An Act To Provide an Internship Employment Tax Credit	DIED BETWEEN HOUSES
LD 1440	An Act To Amend the Nonresident Income Tax Filing Requirements	DIED ON ADJOURNMENT
LD 1449	An Act To Strengthen Maine Industry through Energy Efficiency Investment	ONTP

Miscellaneous Taxes

Enacted

LD 557	An Act To Qualify the Port of Eastport as Tax Exempt for Purpose of Bonding	P & S 7 EMERGENCY
LD 1325	An Act To Amend the Tax Laws	PUBLIC 285
LD 1468	An Act Concerning Technical Changes to the Tax Laws	PUBLIC 240

Not Enacted

LD 752	An Act To Provide Funding for Landfills by Imposing a Gift Package Surcharge	ONTP
LD 1235	An Act To Allow a Tax-free Employee Illness Account	ONTP
LD 1292	Resolve, To Establish a Study Group To Examine the Taxation by Municipalities of Renewable Energy Facilities' Property	ONTP
LD 1574	An Act To Tax Water Used by Hydroelectric Facilities	INDEF PP

Municipal Revenue Sharing

Not Enacted

LD 147	Resolve, To Provide \$1,000,000 to the Fund for the Efficient Delivery of Local and Regional Services	ONTP
LD 312	An Act To Reinstate the Fund for the Efficient Delivery of Local and Regional Services	ONTP
LD 623	An Act To Reestablish the Municipal Revenue Sharing Program as a Compact between the State and Municipal Governments	ONTP
LD 762	An Act To Provide Equitable Revenue-sharing Distribution	MAJORITY (ONTP) REPORT

Personal Property and Business Equipment Taxes

Not Enacted

LD 822	An Act To Remove Taxes on Equipment Used for Business	ONTP
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Property Tax - Current Use

Enacted

LD 507	An Act To More Closely Coordinate the Classification of Forested Farmland under the Farm and Open Space Tax Laws with the Maine Tree Growth Tax Law	PUBLIC 404
LD 1142	Resolve, Directing the Department of Administrative and Financial Services, Bureau of Revenue Services To Review the Farm and Open Space Tax Law	RESOLVE 86

Not Enacted

LD 191	An Act To Define Lienholder Rights under the Maine Tree Growth Tax Law	MAJORITY (ONTP) REPORT
LD 459	An Act To Improve Municipal Reimbursement under the Maine Tree Growth Tax Law	ONTP
LD 1138	An Act To Prevent Unnecessary Expulsion of Landowners from the Maine Tree Growth Tax Law Program	Carried Over

LD 1470 **An Act To Ensure Harvesting of Timber on Land Taxed under
the Maine Tree Growth Tax Law** **Carried Over**

Property Tax - Exemptions

Not Enacted

LD 405 **An Act To Clarify Charitable Status for Property Tax Exemption** **ONTP**

LD 684 **An Act To Clarify the Taxing of Property of Quasi-municipal
Organizations** **ONTP**

LD 686 **An Act To Promote Small Business in Maine** **ONTP**

LD 1081 **An Act To Provide a Property Tax Exemption for Family
Burying Grounds** **DIED BETWEEN
HOUSES**

Property Tax - General

Enacted

LD 297 **An Act To Allow Treasurers To Process Tax Lien Discharge and
Sanitary District Sewer Lien Documents Using Facsimile
Signatures** **PUBLIC 104**

Not Enacted

LD 149 **An Act To Authorize Municipalities To Impose Service Charges
on Tax-exempt Property Owned by Certain Nonprofit
Organizations** **ONTP**

LD 229 **An Act To Protect Homeowners Concerning Property Liens** **ONTP**

LD 764 **An Act To Ensure That Municipalities Refund Amounts
Collected in Excess of Tax Liens** **ONTP**

LD 931 **An Act To Ensure Proper Tax Assessment of Property Owners** **ONTP**

LD 1295 **An Act To Amend the Process of Resolving Property Tax
Abatement Disputes** **ONTP**

Property Tax - Valuation

Not Enacted

LD 305 **RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Allow Land and Buildings To Be Assessed Differently** **Carried Over**

LD 965 **Resolve, Directing the Bureau of Revenue Services To Provide
Guidance Regarding the Valuation of Residential Alternative
Energy Infrastructure** **MAJORITY
(ONTP) REPORT**

LD 1401 **RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Restrict Property Revaluations** **ONTP**

LD 1578 **Resolve, Relating to the State Valuation of the Town of East
Millinocket** **ONTP**

Property Tax Relief Programs

Not Enacted

LD 474 **An Act To Improve the Circuitbreaker Program** **DIED ON
ADJOURNMENT**

LD 550 **An Act To Provide a Property Tax Credit to Veterans** **ONTP**

LD 838 **An Act To Make the Homestead Property Tax Exemption More
Flexible for Municipalities and Remain Revenue Neutral for the
State** **ONTP**

LD 1341 **An Act To Provide Rent Relief to Low-income Maine Residents** **ONTP**

LD 1351 **An Act To Improve and Simplify the Application for Benefits
under the Circuitbreaker Program** **ONTP**

LD 1414 **An Act To Provide Property Tax Relief for Year-round Residents
67 Years of Age or Older** **ONTP**

Real Estate Transfer Tax

Not Enacted

LD 1097 **An Act To Amend the Laws Governing the Real Estate Transfer
Tax** **ONTP**

Sales Tax

Not Enacted

LD 52 **An Act To Dedicate a Percentage of the Sales and Use Tax on
Motor Vehicles and Motor Vehicle Parts to the Highway Fund** **Carried Over**

LD 88 **An Act To Streamline Purchasing by Entities Exempt from Sales
Tax** **ONTP**

LD 131 **An Act To Change the Threshold for Qualification for a Sales
Tax Resale Certificate** **ONTP**

LD 563 **RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Use a Portion of the Sales and Use Tax for the
Protection of Maine's Fish and Wildlife** **FINAL PASSAGE
FAILED**

LD 571 **An Act To Amend the Laws Governing Sales Tax on Used Motor
Vehicles** **MAJORITY
(ONTP) REPORT**

LD 826 **An Act To Permit a Local Option Sales Tax** **ONTP**

LD 1205 **An Act To Provide Economic Incentives to Businesses for the
Collection of State Taxes** **MAJORITY
(ONTP) REPORT**

Sales Tax Exemptions, Exclusions or Refunds

Enacted

LD 59	An Act To Provide Sales Tax Exemption or Refund on Parts and Supplies Purchased To Operate Windjammers	PUBLIC 425
LD 611	An Act Relating to Sales Tax on Certain Rental Vehicles	PUBLIC 209
LD 713	An Act To Amend the Definition of Automobile for Purposes of the Sales and Use Tax Law	PUBLIC 296

Not Enacted

LD 6	An Act To Provide a Sales Tax Exemption for Bags Provided by Redemption Centers for Returnable Containers	DIED ON ADJOURNMENT
LD 7	An Act Concerning Taxation of Automobile Manufacturers' Rebates	ONTP
LD 21	An Act To Exempt from the Sales Tax Meals Provided at Retirement Facilities	DIED ON ADJOURNMENT
LD 42	An Act Regarding the Tax on Fuel Used for Commercial Agriculture, Fishing and Forestry	ONTP
LD 185	An Act To Refund the Sales Tax Paid on Fuel Used in Commercial Groundfishing Boats	DIED ON ADJOURNMENT
LD 205	An Act To Provide a Sales Tax Exemption to Incorporated Nonprofit Performing Arts Organizations	HELD BY GOVERNOR
LD 234	An Act To Provide a Sales Tax Exemption to Commercial Horticulturists	Carried Over
LD 239	An Act To Provide a Sales Tax Exemption on Fuel Used for Heating a Business	ONTP
LD 396	An Act To Amend the Law Governing Sales Tax Exemptions for Certain Nonprofit Youth Organizations	DIED ON ADJOURNMENT
LD 415	An Act To Provide a Sales Tax Trade-in Credit for Core Parts	ONTP
LD 476	An Act To Create a Sales Tax Holiday for Energy-efficient Appliances and Fixtures	DIED ON ADJOURNMENT
LD 604	An Act To Exempt Certain Meals Provided to Food Service Employees from the Sales and Use Tax	DIED ON ADJOURNMENT
LD 745	An Act To Encourage the Use of Reusable Bags	ONTP
LD 809	An Act Regarding the Fairness of Sales Tax on Certain Precious Metals Purchases	ONTP

LD 834	An Act To Define "Prosthetic Device" for Purposes of Sales Tax Law	DIED ON ADJOURNMENT
LD 946	An Act To Amend the Sales and Use Tax Exemption for Aircraft	DIED ON ADJOURNMENT
LD 961	An Act To Exempt Internet Sales from the Sales and Use Tax	INDEF PP
LD 1096	An Act To Enhance Economic Development by Encouraging Job and Business Growth in Maine's Aviation Industry	ONTP
LD 1259	An Act To Encourage Computer Data Center Development	ONTP
LD 1384	An Act To Provide a Sales Tax Holiday	DIED ON ADJOURNMENT

Tax Increment Financing

Enacted

LD 533	An Act To Clarify the Use of Tax Increment Financing Funds for Recreational Development	PUBLIC 102
LD 823	An Act To Amend the Law Governing Tax Increment Financing Districts	PUBLIC 287
LD 855	An Act To Treat Plantations in the Same Manner as Towns for Purposes of Tax Increment Financing	PUBLIC 101
LD 895	An Act To Allow the City of Bangor To Replace the Bangor Auditorium and Civic Center at the Bass Park Complex	P & S 15

Not Enacted

LD 1036	An Act To Clarify the Municipal Development District Law	ONTP
LD 1157	An Act To Protect Property Tax Revenue in the Unorganized Territory	MINORITY (ONTP) REPORT
LD 1266	An Act To Protect Municipalities That Host Wind Energy Developments	MAJORITY (ONTP) REPORT

Tax Reform - Tax and Spending Limits

Not Enacted

LD 603	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Require Approval by a 2/3 Vote of Each Branch of the Legislature in Order To Raise a Tax or Impose a New Tax	FINAL PASSAGE FAILED
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Telecommunications Taxation

Enacted

LD 441 **An Act To Reform Telecommunications Taxation** **PUBLIC 430**

Unorganized Territory

Enacted

LD 518 **Resolve, Authorizing the State Tax Assessor To Convey the
Interest of the State in Certain Real Estate in the Unorganized
Territory** **RESOLVE 54**

LD 1459 **An Act To Establish Municipal Cost Components for
Unorganized Territory Services To Be Rendered in Fiscal Year
2011-12** **PUBLIC 235
EMERGENCY**

Not Enacted

LD 808 **An Act Regarding Property Taxes in the Unorganized Territories** **ONTP**

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