

STATE OF MAINE
123RD LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123rd Maine Legislature coming from the

JOINT STANDING COMMITTEE ON TAXATION

July 2007

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**JOINT STANDING COMMITTEE ON
TAXATION**

Summary of Committee Actions

I. BILLS AND PAPERS CONSIDERED	<u>Number</u>	<u>% of Comm Activity</u>	<u>% of All Bills/Papers</u>
A. Bills referred to Committee			
<i>Bills referred and voted out</i>	215	88.8%	11.1%
<u><i>Bills Carried Over</i></u>	<u>26</u>	<u>10.7%</u>	<u>1.3%</u>
Total Bills referred	241	99.6%	12.5%
B. Bills reported out by law or joint order	1	0.4%	0.1%
Total Bills considered by Committee	242	100.0%	12.5%
Orders and Resolutions referred to Committee			
<i>Joint Study Orders referred and voted out</i>	0	0.0%	0.0%
<i>Joint Resolutions referred and voted out</i>	0	0.0%	0.0%
<i>Orders and Resolutions Carried Over</i>	<u>0</u>	<u>0.0%</u>	<u>0.0%</u>
Total Orders and Resolutions Referred	0	0.0%	0.0%
II. COMMITTEE REPORTS	<u>Number</u>	<u>% of this Committee's Reports</u>	<u>% of All Committee Reports</u>
A. Unanimous committee reports			
<i>Ought to Pass</i>	2	0.9%	0.1%
<i>Ought to Pass as Amended</i>	42	19.4%	2.4%
<i>Ought to Pass as New Draft</i>	0	0.0%	0.0%
<u><i>Ought Not to Pass</i></u>	<u>150</u>	<u>69.4%</u>	<u>8.6%</u>
Total unanimous reports	194	89.8%	11.1%
B. Divided committee reports			
<i>Two-way reports</i>	20	9.3%	1.1%
<i>Three-way reports</i>	2	0.9%	0.1%
<u><i>Four-way reports</i></u>	<u>0</u>	<u>0.0%</u>	<u>0.0%</u>
Total divided reports	22	10.2%	1.3%
Total committee reports	216	89.3%	12.4%
III. CONFIRMATION HEARINGS	0	N/A	N/A
IV. FINAL DISPOSITION	<u>Number</u>	<u>% of Comm Bills/Papers</u>	<u>% of All Bills/Papers</u>
A. Bills and Papers enacted or finally passed			
<i>Joint Study Orders</i>	0	0.0%	0.0%
<i>Public laws</i>	25	10.3%	1.3%
<i>Private and Special Laws</i>	2	0.8%	0.1%
<i>Resolves</i>	8	3.3%	0.4%
<u><i>Constitutional Resolutions</i></u>	<u>0</u>	<u>0.0%</u>	<u>0.0%</u>
Total Enacted or Finally Passed	35	14.5%	1.8%
B. Resolves to authorize major substantive rules			
Rules authorized without legislative changes	1	100.0%	4.2%
Rules authorized with legislative changes	0	0.0%	0.0%
<u>Rules not authorized by the Legislature</u>	<u>0</u>	<u>0.0%</u>	<u>0.0%</u>
Total number of rules reviewed	1	100.0%	4.2%
C. Bills vetoed or held by Governor			
<i>Vetoed over-ridden</i>	0	0.0%	0.0%
<i>Vetoed sustained</i>	0	0.0%	0.0%
<u><i>Held by the Governor</i></u>	<u>0</u>	<u>0.0%</u>	<u>0.0%</u>
Total	0	0.0%	0.0%

Note: A committee vote on a bill is not included here if the bill was subsequently re-referred to another committee or recommitted and carried over.

Joint Standing Committee on Taxation

LD 2 An Act To Provide a Partial Tax Exemption for the Purchase of a Hybrid or Clean Fuel Vehicle

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COURTNEY	OTP-AM	S-195

This bill restores a temporary sales tax exemption that expired in 2006 for a portion of the sale or lease price of a vehicle that is a clean fuel vehicle.

Committee Amendment "A" (S-195)

This amendment specifies that the sales tax exemption proposed in the bill for a clean fuel vehicle is limited to the first \$5,000 of the sales or lease price.

This bill was placed on the Special Appropriations Table and died on adjournment. See also LD 302.

LD 26 An Act To Fund Transportation Projects

ONTP

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

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

This bill proposes to authorize counties to adopt by referendum a local option sales tax on sales within the county that are subject to the state sales tax. The tax would be collected and administered by the State. Ten percent of revenue from any county local option sales tax would be deposited in the State Transit, Aviation and Rail Transportation Fund, established in the Maine Revised Statutes, Title 23, section 4210-B, for use as authorized under that section to support transit, aeronautics and rail transportation. Ninety percent of revenue from the county local option sales tax would be returned to the county where collected for use on transportation-related projects within those counties.

**LD 31 An Act To Fund Alcohol and Tobacco Addiction Treatment Programs
BY REQUEST**

ONTP

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

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

This bill proposes to increase the tax on cigarettes and alcohol and use the revenue from the tax increase to fund programs aimed at prevention and treatment of addictions to tobacco and alcohol.

Joint Standing Committee on Taxation

LD 53 An Act To Provide a Tax Credit for College Education Costs When the Person Creates Jobs following Graduation ONTP

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

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

This bill proposes to provide an income tax credit for any graduate of a 4-year degree program in Maine who starts a business that creates jobs for at least 5 full-time equivalent employees in the first year and 10 full-time equivalent employees in subsequent years. The credit is equal to 1/4 of the cost of a 4-year college degree at any Maine college and can be used annually for up to 4 years in a row.

See also LDs 298, 368, 948, 1815 and 1856.

LD 54 An Act To Conform Maine Law with Federal Law Regarding Tax Credits for Adoptions ONTP

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

This bill creates a state income tax credit equal to 20% of the federal income tax credit for qualified adoption expenses.

LD 79 An Act To Repeal the Excise Tax on New Motor Vehicles BY REQUEST ONTP

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

This bill exempts new motor vehicles and camper trailers from the excise tax in the first model year.

LD 80 An Act To Make Changes to the Maine Residents Property Tax Program ONTP

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

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

This bill proposes to change the Maine Residents Property Tax Program in the following ways.

1. The name of the program would be changed.
2. The filing dates would be changed to correspond to the income tax year.

Joint Standing Committee on Taxation

3. An applicant would be able to use the Maine income tax form to apply for reimbursement under the program.
4. Any rental income earned by the applicant on the subject property would be treated the same as other income earned by the applicant and would not disqualify the applicant from participation in the program.
5. The income of a dependent who is a full-time student in a postsecondary educational institution and living away from home would be excluded from inclusion in the income of the applicant for purposes of determining eligibility and the level of reimbursement.

LD 81 An Act To Update the Property Tax Exemption for Parsonages

ONTP

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

This bill increases the property tax exemption for a parsonage from \$20,000 to \$100,000.

LD 82 Resolve, To Create a Study Commission To Evaluate the County Tax Structure

ONTP

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

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

This resolve proposes to establish a study commission to evaluate the county tax structure as it relates to property valuation. The goal of the study is to construct a solution that would uncouple the county tax base from property tax and land valuation. The study commission will examine different ways to assess county taxes, including, but not limited to, assessment based on the population or on consequential services rendered.

LD 83 An Act To Provide Equity for the Penobscot Nation in the Return of Tax Revenue

ONTP

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

This bill returns sales tax revenues generated on the Penobscot Indian Island Reservation to the Penobscot Nation in the same way as the law currently returns sales tax revenues generated on the Passamaquoddy reservation at Pleasant Point and Indian Township to the Passamaquoddy Tribe.

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LD 131 An Act To Provide Tax Relief to Working Families

ONTP

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

This bill is a recommendation of the Study Commission Regarding Liveable Wages established in Resolve 2005, chapter 128. The bill raises the income tax personal exemption to \$3,200, raises the income tax credit for child care expenses to 100% of the federal credit and establishes a child tax credit equal to the federal credit.

LD 132 An Act To Reform the Maine Tax Code

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAND PERRY J	ONTP	

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

This bill proposes to reform Maine taxes in the following ways.

1. The taxable income amount at which the highest income tax rate, currently 8.5%, applies would be increased.
2. A local option sales tax would be created.
3. The sales tax base would be broadened and stabilized.

LD 144 An Act To Support Maine's Free Clinics

PUBLIC 416

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM	S-36

This bill excludes from the Maine sales and use tax any free clinic whose sole mission is to provide free medical care to the indigent or uninsured.

Committee Amendment "A" (S-36)

This amendment places the sales tax exemption in a better location in the statutes and provides an effective date of October 1, 2007.

Enacted Law Summary

Public Law 2007, chapter 416 provides a sales tax exemption for free clinics whose sole mission is to provide free medical care to the indigent or uninsured.

Joint Standing Committee on Taxation

**LD 157 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Lower the Income Tax ONTP**

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

This constitutional resolution establishes a timetable for phasing in a reduction in the maximum individual income tax rate to 3.5% over 5 years. It also phases in an income tax exemption of up to \$20,000 over that same time period.

LD 158 An Act To Allow a Local Option Sales Tax ONTP

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

This bill allows a municipality to adopt a local option sales tax up to 4% on prepared food and lodging. Revenue must be placed in a special account to be used to reduce property taxes.

LD 171 An Act To Establish a Voluntary Tax Account ONTP

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

This bill establishes the Tax ME More Fund funded by a checkoff on the individual income tax form to allow a taxpayer to donate a portion of a tax refund or make a donation with the tax return.

This bill also requires the InforME Board to develop a method to accept contributions to the Tax ME More Fund using the State's website.

**LD 172 An Act To Increase the Property Tax Exemption for Veterans DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
NASS J NASS R	OTP-AM	H-385

This bill increases the property tax exemption for post-World War I veterans and their eligible survivors from \$5,000 to \$6,000.

Committee Amendment "A" (H-385)

This amendment adds an appropriations and allocations section.

This bill was placed on the Special Appropriations Table and died on adjournment. The provisions of this bill were included in the biennial budget bill, Public Law 2007, chapter 240, Part PPPP.

Joint Standing Committee on Taxation

See also LD 566.

LD 174 An Act To Increase the County Share of the Real Estate Transfer Tax ONTP

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

This bill increases the portion of the real estate transfer tax that is retained by a county to 30%, from the current level of 10%, by increasing the percentage 10% each of 2 years, beginning February 2008.

LD 179 An Act To Make Changes to the Maine Residents Property Tax Program ONTP

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

This bill allows certain homeowners who rent their homesteads for up to 31 days in the aggregate during the year to qualify for benefits under the Maine Residents Property Tax Program and prorates benefits to reflect the rental period.

This bill also provides that the earned income of a child who is a full-time postsecondary student is not counted for the purposes of a parent's claim under the Maine Residents Property Tax Program.

LD 206 An Act To Provide an Inflation Adjustment to the Income Tax Exemption for Private, Public and Military Pensions ONTP

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

This bill requires the amount of the deduction from income received as pension benefits to be adjusted annually based on the Consumer Price Index.

LD 207 An Act To Reduce the Meals and Lodging Tax ONTP

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

This bill reduces the taxes imposed on lodging and prepared meals from 7% to 5%.

Joint Standing Committee on Taxation

**LD 208 Resolve, Directing the Department of Economic and Community
Development To Analyze and Evaluate the Effect of Tax Increment
Financing for Retail Businesses on Economic Development**

RESOLVE 127

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SIMPSON STRIMLING	OTP-AM MAJ ONTP MIN	H-592

This bill provides that tax increment financing may not be used for a development program adopted on or after October 1, 2007 with the primary purpose of the establishment or expansion of a retail business or businesses. The bill also provides that project costs within a tax increment financing district may not include costs that primarily benefit a retail business.

Committee Amendment "A" (H-592)

This amendment replaces the bill with a resolve requiring the Department of Economic and Community Development to evaluate and analyze the effect of tax increment financing for retail businesses on economic development in Maine and submit a report to the Joint Standing Committee on Taxation by November 1, 2007. The joint standing committee is authorized to submit legislation related to the report.

Enacted Law Summary

Resolve 2007, chapter 127 requires the Department of Economic and Community Development to evaluate and analyze the effect of tax increment financing for retail businesses on economic development in Maine and submit a report to the Joint Standing Committee on Taxation by November 1, 2007. The joint standing committee is authorized to submit legislation related to the report.

**LD 227 An Act To Allow the Reimbursement of Motor Vehicle Excise Taxes in
Certain Cases**

PUBLIC 83

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HOLMAN	OTP-AM	H-76

This bill requires motor vehicle excise tax credit be proportional to the portion of the registration year that the vehicle was in service and requires a refund if the credit exceeds the amount applied to excise tax on another vehicle.

Committee Amendment "A" (H-76)

This amendment authorizes municipalities to refund excess motor vehicle excise tax credits but does not require them to do so. The amendment also removes from the bill the requirement that credits be prorated for the portion of the registration year that the vehicle was in service.

Enacted Law Summary

Public Law 2007, chapter 83 authorizes municipalities to refund motor vehicle excise tax credits that exceed the amount of credit applied to a replacement vehicle but does not require them to do so.

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LD 236 An Act To Exempt from the Income Tax Military Pay of Maine Residents Who Are Members of the Armed Services Stationed outside of the State Earned while on Active Duty

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PLOWMAN	OTP-AM MAJ ONTP MIN	S-232

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

Committee Amendment "A" (S-232)

This amendment adds an appropriations and allocations section.

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

LD 237 An Act To Amend the Maine Tree Growth Tax Law

ONTP

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

This bill provides that a parcel of land 500 acres or larger that is taxed pursuant to the Maine Tree Growth Tax Law must be open to the public for traditional uses, including, but not limited to, hunting, fishing, trapping, snowmobiling and hiking.

LD 260 An Act To Provide an Income Tax Deduction for Teachers To Account for the Purchase of Supplies

ONTP

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

This bill provides an income tax deduction for full-time teachers equal to 2% of their gross income from teaching. The deduction is intended to compensate teachers for supplies and other items they purchase without reimbursement to support their work.

LD 261 Resolve, To Review the Procedures by Which a Municipality Assesses Property

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TUTTLE	OTP-AM	H-75

This bill provides that property tax assessors may not review the value of a section of a municipality or individual classes of property unless all real and personal property in the municipality is also reviewed at the same time.

This bill also establishes the Property Tax Assessment Review Committee to review property tax assessment

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practices and make recommendations to the Second Regular Session of the 123rd Legislature.

Committee Amendment "A" (H-75)

This amendment removes from the bill statutory provisions relating to the procedures for valuation of property for tax purposes and makes the bill a resolve.

This amendment also changes the membership and duties of the Property Tax Assessment Review Committee.

The Legislative Council authorized the Taxation Committee to conduct this review during regularly authorized interim meetings.

LD 262 An Act To Amend the Credit for Rehabilitation of Historic Properties

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KOFFMAN MARTIN		H-595

This bill changes the amount of historic rehabilitation tax credit a taxpayer may take if the taxpayer received a credit under the United States Internal Revenue Code from an amount equal to the credit the taxpayer received under the Code to an amount equal to 25% of the expenditures incurred after December 31, 1999 for a certified historic structure. This bill also allows a historic rehabilitation tax credit for a taxpayer who did not receive a credit under the United States Internal Revenue Code of 25% of expenditures if the taxpayer expended from \$50,000 to \$250,000 on a certified historic structure. This bill makes the credit fully refundable and authorizes the State Historic Preservation Officer to establish a schedule of fees for the historic rehabilitation tax credit program, the proceeds of which will go to administering the program.

Committee Amendment "A" (H-595)

This amendment changes future historic rehabilitation tax credits a taxpayer may take if the taxpayer received a credit under the United States Internal Revenue Code from an amount equal to the credit the taxpayer received under the Code to an amount equal to 25% of the expenditures incurred. This amendment also allows a historic rehabilitation tax credit for a taxpayer who did not receive a credit under the United States Internal Revenue Code of 25% of expenditures if the taxpayer expended from \$50,000 to \$250,000 on a certified historic structure. This amendment makes the credit refundable and authorizes the State Historic Preservation Officer to establish a schedule of fees for certifying the historic structures and certifying rehabilitations in the State, the proceeds of which will go to administering the program. The amendment sunsets the credit in 2013. The Maine Historic Preservation Commission shall submit an analysis of the use of the credit to the joint standing committee of the Legislature having jurisdiction over taxation matters by January 15, 2013.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

See also LDs 816 and 1356.

LD 263 An Act To Reduce the Property Tax Burden

ONTP

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

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This bill increases the taxes imposed on lodging and prepared meals from 7% to 9%. The bill returns 10% of the sales tax collected on lodging and prepared meals to the municipalities in which those taxes were levied; revenue received by a municipality must be used to provide property tax relief to the residents of that municipality.

This bill also requires transfers to the municipalities to be done before transfers to the Tourism Marketing Promotion Fund, which currently receives 5% of the 7% tax imposed on lodging and meals.

LD 276 RESOLUTION, Proposing an Amendment to the Constitution of Maine CARRIED OVER
To Require the Legislature To Freeze the Valuation of Maine Primary Residence Land

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

This resolution is a Governor's bill that proposes a constitutional amendment to require the Legislature to provide for freezing the valuation of primary residence land. The resolution proposes payment of a penalty for certain transfers of the primary residence land equal to the difference in taxes for the five years preceding the transfer.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 288 An Act To Increase the State Share of the Homestead Exemption to ONTP
70%

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

This bill increases the state reimbursement to municipalities under the Maine resident homestead property tax exemption program from 50% to 70% of taxes lost because of the exemption.

LD 298 An Act To Assist Higher Education Debt Reduction ONTP

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

This bill provides an income tax deduction for student loan interest that has not already been deducted from federal adjusted gross income.

See also LDs 53, 368, 948, 1815 and 1856.

LD 302 An Act To Create an Alternative Fuel Vehicle Income Tax Credit and ONTP
an Alternative Fuel Vehicle Rebate

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

Joint Standing Committee on Taxation

This bill provides an income tax credit for persons who purchase an alternative fuel vehicle or convert a motor vehicle to use an alternative fuel that makes reductions in carbon monoxide emissions and other pollutants as determined by the Department of Environmental Protection. It also provides a similar rebate to governmental entities and nonprofit entities that would qualify for a credit if they were subject to the income tax. See also LD 2.

**LD 313 An Act To Extend the Property Tax Exemption for Veterans to Persons
Living in Cooperative Housing**

PUBLIC 418

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CAIN TURNER	OTP-AM	H-522

This bill extends veterans' property tax exemptions to persons living in cooperative housing communities by granting an exemption to the cooperative housing corporation and requiring the benefit to be apportioned to qualifying veterans and their survivors according to the benefit that each individual would be entitled to if the individual were the owner of property.

Committee Amendment "A" (H-522)

This amendment adds a mandate preamble and an appropriations and allocations section to the bill.

Enacted Law Summary

Public Law 2007, chapter 418 extends veterans' property tax exemptions to persons living in cooperative housing communities by granting an exemption to the cooperative housing corporation and requiring the benefit to be apportioned to qualifying veterans and their survivors according to the benefit that each individual would be entitled to if the individual were the owner of property.

LD 325 An Act To Clarify the Tax-exempt Status of Ornamental Horticulture

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FINCH	OTP-AM	H-406

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

Committee Amendment "A" (H-406)

This amendment adds an appropriations and allocations section.

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

LD 337 An Act To Exempt Certain Shipping Fees from the Sales Tax

ONTP

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

Joint Standing Committee on Taxation

This bill exempts from the sales tax the cost of transportation of goods, regardless of to whom they are shipped, as long as the transportation charges are separately stated and the shipping is done by common carrier, contract carrier or the United States mail.

LD 349 An Act To Provide a Tax Credit for the Purchase of Small Wind Power Generators for Personal or Small Business Use CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROWNE		H-548

This bill provides an income tax credit for a small wind power generator intended to provide electricity to a household or small business.

Committee Amendment "A" (H-548)

This amendment provides that the credit for a small wind power generator may be claimed in only one taxable year and that the credit may not be claimed if a credit is also claimed for the generator as a community wind power generator in any tax year. The amendment also provides for the repeal of the credit at the end of 2010.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 355 Resolve, To Establish a Committee To Examine Issues Relating to the Administration and Distribution of Municipal Revenue Sharing ONTP

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

This resolve establishes a municipal revenue sharing committee composed of municipal officials to examine various issues relating to municipal revenue sharing and report to the Joint Standing Committee on Appropriations and Financial Affairs no later than December 15, 2007.

See also LDs 1357 and 1358.

LD 358 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>
WATSON	OTP-AM	H-581

This bill provides an income tax credit for investment in 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 applicable year. Unused credits may be carried forward for up to 15 years.

Committee Amendment "A" (H-581)

This amendment adds an application date to the bill.

Joint Standing Committee on Taxation

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

LD 368 An Act To Encourage Employers To Defray the Cost of College for the Children of Their Employees **ONTP**

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

This bill provides an income tax deduction for contributions made by employers to a Coverdell education savings account of a child of an employee.

See also LDs 53, 298, 948, 1815 and 1856.

LD 394 An Act To Provide a Tax Benefit to Businesses That Invest in Quality Child Care **ONTP**

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

This bill provides an income tax deduction for a business that is located in a Pine Tree Development Zone or within 25 miles of such a zone of up to \$5,000 for 10% of the cost of construction or renovation to a facility for the provision of child care services eligible for a quality differential rate as determined by the Department of Health and Human Services and 25% of the cost of direct support provided to such a facility for child care for employees of the business. A new facility would need to demonstrate eligibility for the differential rate within 12 months of opening.

LD 395 An Act To Use National Standards To Determine Maine's Relative Tax Burden for Purposes of Budget Caps **ONTP**

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

This bill changes the State's tax burden goal for 2015 to be at or below the median for all states and requires that the calculation of the State's state and local tax burden relative to other states for purposes of state and local spending limitations be based solely on data from the United States Census Bureau without adjustments by the State Tax Assessor for the State's unique expenditure tax relief programs. The bill also requires the Governor to include in the biennial budget document an assessment of where the State stands in meeting the tax burden goal. See also LD 1581.

LD 402 An Act To Clarify the Application of the Real Estate Transfer Tax with Regard to Partial Sales of Corporations That Own Real Estate **ONTP**

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

Joint Standing Committee on Taxation

This bill provides that for purposes of the real estate transfer tax involving the transfer of a controlling interest in an entity, the value of the real estate subject to the tax is based only on the percentage of the entity that was transferred during the 12-month period preceding the transaction.

LD 422 An Act To Increase the State Income Tax Exemption for Retired Employees in the Maine State Retirement System and Other Pension Systems to the Same Level as That of Retirees under the Social Security System **ONTP**

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

Current law provides a deduction from the state income tax for the first \$6,000 of income from certain public and private pensions.

This bill increases the maximum income tax deduction for pension income from \$6,000 to the maximum allowable social security benefit reduced by any social security benefits and railroad retirement benefits actually received by the taxpayer. The deduction is required to be adjusted annually to reflect the annual cost-of-living adjustment in social security benefits.

LD 459 An Act To Reduce the Excise Tax on New Vehicles **ONTP**

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

This bill reduces the maker's list price by \$3,000 for the first year for the purpose of calculating motor vehicle excise tax.

LD 460 An Act To Amend the Municipal Excise Tax Reimbursement Fund Law **ONTP**

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

This bill amends the reimbursement procedure for municipalities with respect to excise tax on trucks more than 6 years old and registered for more than 26,000 pounds. Reimbursement is limited to the first 6 registration years.

The bill continues the current excise tax calculation method for trucks for the first 6 tax years, but for the 7th and subsequent tax years the excise tax is based on the vehicle's list price.

LD 527 An Act To Expand Property Tax Benefits for Retired Citizens **ONTP**

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

Joint Standing Committee on Taxation

This bill creates the retired senior resident homestead property tax exemption to provide a property tax exemption for retired persons of 50% of the just value of that person's homestead. A person is eligible if that person:

1. Is a permanent resident of this State and has had that status for the previous 5 years;
2. Is at least 65 years of age;
3. Is employed fewer than 20 hours per week; and
4. Has a Maine adjusted gross income of less than \$50,000.

The State is required to reimburse the municipality 100% of the taxes lost due to the exemption.

A person must apply for the exemption annually, either by applying to the municipality and providing a copy of the person's income tax form or other suitable verification of income or by using the individual income tax form to obtain a refundable credit.

LD 528 An Act To Make BETR Better

PUBLIC 372

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SMITH N PERRY J	OTP-AM	H-453

This bill provides eligibility under the business equipment tax exemption for used property previously subject to property tax in the State as long as the primary purpose of the acquisition of the property was not to obtain eligibility for the exemption. The bill also makes it a Class E crime to claim an exemption when the primary purpose for the acquisition was to obtain eligibility.

Committee Amendment "A" (H-453)

This amendment clarifies that used qualified business property may qualify for the Business Equipment Tax Reimbursement program if it was first placed in service in the State, or constituted construction in progress commenced in the State, after April 1, 1995 and does not qualify for business equipment tax exemption.

Enacted Law Summary

Public Law 2007, chapter 372 clarifies that used qualified business property may qualify for the Business Equipment Tax Reimbursement program if it was first placed in service in the State, or constituted construction in progress commenced in the State, after April 1, 1995 and does not qualify for business equipment tax exemption.

LD 529 An Act To Encourage Newly Retired Veterans To Reside in Maine

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON	OTP-AM A OTP-AM B ONTP C	H-560

Joint Standing Committee on Taxation

This bill exempts from the state income tax all military pension and survivors' benefits for military personnel retiring on or after January 1, 2007 received by a Maine resident as a result of service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard.

Committee Amendment "A" (H-559)

This amendment is the majority report of the committee. It strikes and replaces the appropriations and allocations section.

Committee Amendment "B" (H-560)

This amendment is the minority report of the committee. It limits the income tax exemption for newly retired veterans to \$15,000.

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

LD 530 An Act To Encourage Open Space through Current Use Taxation of Open Space Land Set Aside for Long-term Protection from Development CARRIED OVER

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

This bill permits an 85% reduction in property taxes for open space land set aside for long-term protection in a municipality where the voters have determined that there is a critical need for open space land. The withdrawal penalty for open space land set aside for long-term protection is the same as for withdrawal of farmland from classification which is the minimum constitutional penalty.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 531 An Act To Improve the Method of Taxing Natural Gas for Highway Use CARRIED OVER

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

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

This bill proposes to change the method of taxing compressed natural gas used in vehicles so that the BTU value is more accurately reflected and accounted for in determining the tax.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 543 Resolve, To Establish the Maine Tree Growth Tax Law Review Committee CARRIED OVER

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

Joint Standing Committee on Taxation

This resolve establishes the Maine Tree Growth Tax Law Review Committee to examine and make recommendations regarding a number of administrative issues related to the Maine Tree Growth Tax Law. The committee is required to submit a report of its findings and recommendations to the Joint Standing Committee on Taxation no later than December 15, 2007.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 544 An Act To Provide Maine Land Conservation Tax Incentives

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON	OTP-AM MAJ ONTP MIN	H-528

This bill provides a transferable income tax credit for voluntary contributions of land for conservation and for conservation easements that qualify as charitable donations under the federal income tax. The credit is equal to 25% of the value of the donation up to \$500,000 for corporate donors and \$250,000 for other donors.

Committee Amendment "A" (H-528)

This amendment decreases the total amount of the credit from 25% to 15% of the value of the donation, provides that the credit is refundable up to 20% per year instead of being transferable and requires the Commissioner of Conservation to adopt major substantive rules to ensure maximum state benefit from the credit and to ensure that smaller landowners are the primary users of the credit. The amendment also provides that the credit begins with the 2009 tax year and expires after 5 years.

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

**LD 558 An Act To Create Fairness in the Motor Vehicle Excise Tax by
Implementing the Recommendations of the Secretary of State's Task
Force on Registration Fees**

ONTP

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

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

This bill proposes to implement the recommendations of the Secretary of State's task force to study the motor vehicle excise tax and motor vehicle registration fees. The recommendations include:

1. Flattening the current excise tax rate imposed on motor vehicles to provide for a lower initial rate from the current 24 mills and a more gradual decrease in the rate;
2. Phasing in gradually a decrease in the top excise tax rate from 24 mills to 18 mills, the national average;
3. Enhancing the vehicle registration form to make it clear that the motor vehicle excise tax is municipal revenue to be used by the municipality at its discretion;
4. Requiring municipalities to include in their town reports an explanation of the implementation and

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distribution of the motor vehicle excise tax; and

5. Developing an educational program, working in conjunction with the Maine Municipal Association, to allow municipal agents who collect motor vehicle excise taxes to provide consistent and correct information to citizens regarding the use of motor vehicle excise tax revenue by the municipality.

**LD 559 An Act Regarding the Valuation of Land within Buffer Areas
Established under the Natural Resources Protection Laws**

PUBLIC 389

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOY	OTP-AM	H-505

This bill provides that land and buffer areas designated by the Department of Inland Fisheries and Wildlife as significant wildlife habitat under the natural resources protection laws may be classified as open space land and taxed at their current use value for property tax purposes. If a current use value is not available, the land may receive a reduction in just value for property tax purposes of at least 50%.

Committee Amendment "A" (H-505)

This amendment eliminates provisions for open space valuation and clarifies that designation of land as significant wildlife habitat is one of the relevant factors that must be considered by local tax assessors when determining the just value of land.

Enacted Law Summary

Public Law 2007, chapter 389 clarifies that designation of land as significant wildlife habitat under the natural resources protection laws is one of the relevant factors that must be considered by local tax assessors when determining the just value of land.

LD 562 An Act To Adopt a Flat Corporate Income Tax

ONTP

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

This bill repeals the 4-tiered corporate income tax rate and replaces it with a flat rate of 8.5%, which is intended to produce the same amount of revenue.

**LD 566 An Act To Increase the Property Tax Exemption for Certain Veterans
and Surviving Spouses**

ONTP

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

This bill increases the property tax exemption from \$5,000 to \$15,000 provided to the estates of veterans who served in specified federally recognized war periods.

See also LD 172.

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LD 567 An Act To Expand Tax Incentives for Conservation Easements ONTP

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

This bill establishes an income tax deduction for contributions of conservation easements that qualify for a federal charitable deduction. This deduction continues under state law even if the federal deduction expires, as currently scheduled, at the end of 2007.

LD 569 An Act To Reduce Maine's Income Tax Rates by 50 Percent ACCEPTED ONTP REPORT

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

This bill reduces the individual and corporate income tax rates by 50% beginning in the 2007 tax year.

LD 570 An Act To Authorize a Local Option Sales Tax To Reduce Property Taxes ONTP

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

This bill allows municipalities to impose a 1% local option sales tax by local referendum as long as at least 90% of the revenue collected is used to reduce the property tax.

LD 582 An Act To Create Fairness in Maine's Property Taxes ONTP

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

This bill requires municipalities to conduct a full revaluation of taxable property for property tax purposes every 9 years with real property updates every 3 years.

LD 600 An Act To Improve Revenue Sharing ONTP

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

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

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This bill proposes to repeal state-municipal revenue sharing. The total savings to the State would be used to fund an increase in the homestead property tax exemption to reduce property taxes on homestead residential property.

LD 610 An Act To Reform the Taxation of Malt Liquor and Wine

INDEF PP

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

This bill taxes beer, wine and sparkling wine at the uniform rate of 12¢ per ounce of pure alcohol that each contains. The tax is broken down as 10¢ for the excise tax to the General Fund and 2¢ as the premium tax for the prevention fund. It is estimated that these changes will double revenue to the General Fund and increase slightly the prevention fund from the alcohol premium tax.

This bill was indefinitely postponed without reference to Committee.

LD 623 An Act To Change the Standard State Tax Deduction for Married People Filing Jointly to \$10,000

ONTP

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

This bill conforms the standard deduction under the state income tax to the federal standard deduction beginning with the 2007 tax year.

LD 624 An Act To Increase the Maine Resident Homestead Property Tax Exemption Amount to \$25,000

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SIROIS NUTTING J	ONTP	

This bill increases the Maine resident homestead property tax exemption from \$13,000 to \$25,000.

LD 639 An Act To Clarify the Application of the Real Estate Transfer Tax in Regards to Section 1031 Exchanges

ONTP

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

This bill clarifies that the real estate transfer tax applies to the transfer of real property to a qualified intermediary pursuant to Section 1031 of the Internal Revenue Code and does not apply to the transfer of real property from a qualified intermediary.

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LD 640 An Act To Assess Farm Buildings at Current Use Value

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HOLMAN NUTTING J	ONTP	

This bill allows buildings used for farming or agricultural activities that are located on farmland to be assessed at their current use value.

LD 641 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 NASS R	OTP-AM MAJ ONTP MIN	H-602

This bill amends the minimum taxability threshold for nonresidents by increasing from 10 to 45 the number of days a nonresident must be performing personal services in Maine before the compensation is considered Maine-source income. This bill also establishes a number of personal services that, when performed in Maine, do not count towards the 45-day threshold.

Committee Amendment "A" (H-602)

This amendment 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 amendment also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training, management functions, equipment upgrade and new investment. The amendment also adds an appropriations and allocations section.

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

LD 665 An Act Regarding the Calculation of Tree Growth Reimbursements to Municipalities

ONTP

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

This bill changes the formula for calculation of state reimbursement to municipalities for lost revenue under the Maine Tree Growth Tax Law by deleting the adjustment for additional general purpose aid for local schools resulting from the reduced state valuation due to tree growth valuations.

LD 668 An Act To Reallocate Revenues from the Real Estate Transfer Tax

ONTP

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

Joint Standing Committee on Taxation

This bill requires that, of the portion of real estate transfer tax revenue transferred to the General Fund, the Treasurer of State transfer the first \$2,000,000 to the Land for Maine's Future Fund.

LD 690 An Act Regarding the Sales Tax

ONTP

Sponsor(s)

PIEH

Committee Report

ONTP

Amendments Adopted

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

This bill proposes to amend the sales tax laws in the following ways:

1. All statutory exemptions from the sales tax would be repealed;
2. The general sales tax rate would be lowered from 5% to 3%;
3. Each business or person collecting sales tax would be entitled to retain 1/2 cent of the 3 cents per dollar imposed;
4. A mechanism would be established to increase or decrease the sales tax rate based on projected revenue shortfalls or surpluses; and
5. All revenue generated by this bill above current sales tax revenue would be used to decrease property tax rates through such methods as increasing education funding and raising the homestead property tax exemption amount.

LD 693 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Authorize the Legislature To Allow Municipalities To Exempt from Property Tax a Portion of the Value of Homesteads

ONTP

Sponsor(s)

PIEH

Committee Report

ONTP

Amendments Adopted

This resolution proposes to amend the Constitution of Maine to allow the Legislature to allow a municipality to establish a local homestead property tax exemption program by exempting a portion of the just value of an owner's principal residence from taxation.

LD 716 Resolve, Regarding Legislative Review of Chapter 324: ConnectME Tax Reimbursements, a Major Substantive Rule of Maine Revenue Services

RESOLVE 26 EMERGENCY

Sponsor(s)

PIOTTI

Committee Report

OTP

Amendments Adopted

This resolve provides for legislative review of Chapter 324: ConnectME Tax Reimbursements, a major substantive rule of Maine Revenue Services regarding reimbursement of sales tax on machinery and equipment used to develop advanced communications technology infrastructure.

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Enacted Law Summary

Resolve 2007, chapter 26 provides legislative authorization for adoption of a major substantive rule, of the Department of Administrative and Financial Services, Bureau of Revenue Services, Chapter 324: ConnectME Tax Reimbursements, regarding reimbursement of sales tax on machinery and equipment used to develop advanced communications technology infrastructure.

Resolve 2007, chapter 26 is an emergency measure that took effect May 16, 2007.

LD 735 An Act To Provide an Income Tax Exemption for Active Duty Military Pay and Disability Military Pay ONTP

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

This bill exempts from income tax income received by an individual for active duty in the Armed Forces of the United States or as compensation for a disability as a veteran of the Armed Forces of the United States.

LD 736 An Act To Require Notification before Withdrawal of Land from Classification under the Maine Tree Growth Tax Law for Failure To File Certain Statements PUBLIC 425

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON MARTIN	OTP-AM	H-577

This bill requires the State Tax Assessor or municipal assessor to provide notice to a landowner who fails to timely file the sworn statement and allow the landowner 6 months to file the sworn statement to avoid having the parcel withdrawn from valuation under the tree growth tax law.

Committee Amendment "A" (H-577)

This amendment replaces the bill and provides that before withdrawing land from classification under the Maine Tree Growth Tax Law the local tax assessor must have provided notice to the owner of the deadline for filing required statements and allowed the landowner 60 days to respond to the notice. The amendment also adds a mandate preamble.

Enacted Law Summary

Public Law 2007, chapter 425 provides that before withdrawing land from classification under the Maine Tree Growth Tax Law the local tax assessor must provide notice to the owner of the deadline for filing required statements and allow the landowner 60 days to respond to the notice.

LD 737 An Act To Promote Forest Management Planning and Certification CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATSON MARTIN		H-585

Joint Standing Committee on Taxation

This bill increases the tax credit for forest management planning from a maximum of \$200 every 10 years to a maximum of \$400 every 10 years. This bill also includes the cost of obtaining independent 3rd-party certification and recertification of the forest land from a licensed professional forester as an expense that may be applied towards the credit.

Committee Amendment "A" (H-585)

This amendment clarifies the expansion in the bill of the credit to the cost of 3rd-party certification and recertification and provides that the total amount of credits claimed by an individual in any 10-year period may not exceed \$400.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 738 An Act To Assist the Community Affected by the Closure of the Cutler Naval Base

**P & S 21
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GERZOFSKY EDMONDS	OTP-AM	H-558

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

This bill proposes to relax restrictions on the creation of new state tax increment financing districts to allow a municipality that has lost a military base to establish a tax increment financing district.

Committee Amendment "A" (H-558)

This amendment replaces the bill and authorizes the Commissioner of Economic and Community Development to approve as tax increment financing project costs for the former naval base in Cutler certain costs related to school, public safety and recreation improvements to make the area more attractive for residential and commercial development.

Enacted Law Summary

Private and Special Law 2007, chapter 21 authorizes the Commissioner of Economic and Community Development to approve as tax increment financing project costs for the former naval base in Cutler certain costs related to school, public safety and recreation improvements to make the area more attractive for residential and commercial development.

Private and Special Law 2007, chapter 21 is an emergency measure that took effect June 20, 2007.

LD 739 Resolve, Directing the Department of Economic and Community Development To Review and Report on Whether a State Tax Increment Financing Structure Should Be Established To Support Economic Development in Washington County

RESOLVE 123

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A RAYE	OTP-AM	H-523

Joint Standing Committee on Taxation

This resolve requires the Department of Administrative and Financial Services, Bureau of Revenue Services to conduct a study to develop a tax increment financing proposal that will support the Washington County Development Authority's economic development programs and to report its findings, along with proposed legislation, to the Legislature and the Joint Standing Committee on Taxation by February 1, 2008.

Committee Amendment "A" (H-523)

This amendment replaces the study in the resolve with a review analyzing a state tax increment financing mechanism for Washington County and changes the department conducting the review to the Department of Economic and Community Development.

Enacted Law Summary

Resolve 2007, chapter 123 requires the Department of Economic and Community Development to conduct a review analyzing the potential for a state tax increment financing mechanism for Washington County.

LD 760 An Act To Reduce the Excise Tax on Certain Commercial Vehicles ONTP

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

This bill provides a 50% decrease in the excise tax imposed on commercial vehicles that are driven on public ways less than 50% of the annual total miles driven.

LD 761 An Act To Enable Municipalities To Establish Municipal Land Banks Funded by Local Option Real Estate Transfer Taxes ONTP

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

This bill authorizes municipalities to impose a municipal real estate transfer tax to fund a land bank program. Approval for both the tax and the land bank must be obtained by referendum. This bill places restrictions on the tax rate and uses of the tax.

LD 762 An Act To Enhance a Community's Capacity To Support Affordable Housing ONTP

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

This bill allows a municipality to impose a local option real estate transfer tax of 1% on the transfer of single family residential property sold for more than \$500,000. Revenue from the tax must be distributed by the municipality levying the tax to local nonprofit housing organizations for the purpose of building, buying or developing affordable rental and owner-occupied housing in the municipality for individuals or families whose total adjusted gross income is less than 120% of the median income for the United States Department of Labor district in which the eligible property was sold. If the municipality does not have a local nonprofit housing organization, the municipality must send the revenue to the Maine State Housing Authority.

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LD 780 Resolve, Directing the Commissioner of Economic and Community Development To Convene a Working Group To Advance the Redevelopment of Mill Buildings

RESOLVE 103

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BEAUDETTE	OTP-AM	H-499

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

This bill proposes to enact a series of incentives designed to encourage mill building and mill complex redevelopment. Some of the incentives may include sales and use tax exemptions for business occupants and the ability to bundle enterprises within a mill building or complex to qualify for other tax benefits.

Committee Amendment "A" (H-499)

This amendment replaces the concept draft and requires the Commissioner of Economic and Community Development to establish a working group to evaluate options to encourage the redevelopment of mill buildings. The working group must submit its findings by February 1, 2008.

Enacted Law Summary

Resolve 2007, chapter 103 requires the Commissioner of Economic and Community Development to establish a working group to evaluate options to encourage the redevelopment of mill buildings. The working group must submit its findings by February 1, 2008.

LD 786 An Act To Establish the Maine Land Bank and Community Preservation Program

ONTP

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

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

This bill proposes to create a land bank program to provide tax relief to property owners in the State who pledge to retain their residential property or maintain the use of their commercial property for at least 5 years. The program requires an amendment to the Constitution of Maine, Title IX, Section 8 concerning the taxation of real estate according to its just value. The program is similar to the Maine Tree Growth Tax Law, and the program's elements include:

1. An owner of real property in the State regardless of residency is eligible for participation in the program;
2. The property for which the relief is given is separated into 3 classes: primary residence, secondary residence and commercial property;
3. Tax relief for a property that is a primary residence is determined based upon criteria such as how long the property has been owned by the owner or the owner's immediate family, the size of the property and whether the owner is self-employed and works from the property;
4. Tax relief for a property that is a secondary residence is determined based upon criteria such as how long the

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property has been owned by the owner or the owner's immediate family, the size of the property, whether the property has seasonal or year-round use and utilities and its valuation;

5. Tax relief for a commercial property is determined based upon criteria such as how long the property has been owned by the owner or owner's immediate family, how long the business has been operated in the same manner, the size of the property and the nature of the ownership such as sole proprietorship, closely held corporation, foreign corporation or franchise;

6. Tax relief is provided based upon an owner's pledge to retain ownership of a primary or secondary residence or not to allow a change of use of a commercial property for at least 5 years, which may be renewed in 5-year intervals;

7. Tax relief is determined by basing the property's value on a look-back period of 5 years preceding the property's admission into the program and beginning the valuation at 100% using the state-certified ratio for that year and adjusting the value based upon the criteria for that class of property; and

8. The penalty for withdrawing from the program before the end of the 5-year period is 10% of the capital gains incurred by the transfer of the residential property or change of use of the commercial property.

LD 787 RESOLUTION, Proposing an Amendment to the Constitution of Maine ONTP
To Change the Assessment of Lands Used for Long-term Ownership

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

This constitutional resolution amends the Constitution of Maine to provide the Legislature the authority to allow a municipality to reduce property taxes on real property if the owner agrees to retain ownership of the property within the owner's immediate family for a period of not less than 5 years.

LD 788 An Act To Dedicate 20 Percent of the Sales Tax on Motor Vehicles to the CARRIED OVER
Highway Fund

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

This bill dedicates 20% of the revenue collected from the sales tax imposed on motor vehicles to the General Highway Fund. The current sales tax on motor vehicles is 5%. This bill maintains that rate but dedicates 20% of the revenue from the sales tax imposed on motor vehicles, which is equivalent to 1% of the taxable sales that are subject to the 5% tax.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 789 Resolve, Directing the Bureau of Revenue Services To Convene a Study RESOLVE 107
Group on the Motor Vehicle Excise Tax

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SIROIS	OTP-AM	H-524

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This bill decreases the excise tax imposed on motor vehicles for the first year from 24 mills to 20 mills and for the 2nd year from 17 1/2 mills to 16 1/2 mills.

Committee Amendment "A" (H-524)

This amendment replaces the bill with a resolve and directs the Department of Administrative and Financial Services, Bureau of Revenue Services to convene a study group on the motor vehicle excise tax and report to the Joint Standing Committee on Taxation by January 15, 2008.

Enacted Law Summary

Resolve 2007, chapter 107 directs the Department of Administrative and Financial Services, Bureau of Revenue Services to convene a study group on the motor vehicle excise tax and report to the Joint Standing Committee on Taxation by January 15, 2008.

LD 802 An Act To Ensure the Income Tax for Pensions Is Applied Fairly by ONTP
Eliminating Reductions of Social Security and Railroad Benefits

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

This bill eliminates the reduction for social security and railroad benefits in the calculation of the income tax deduction for pension income.

This bill also eliminates references to "military retirement plan" because benefits received under such a plan are no longer an exception to the allowed reduction.

LD 811 An Act To Exempt Dietary Supplements from the Sales Tax ONTP

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

This bill exempts dietary supplements, as defined, from sales tax. The definition for dietary supplements is the same as in the federal Dietary Supplement Health and Education Act of 1994.

**LD 816 An Act To Improve the Historic Preservation Tax Credit DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARRACHE	OTP-AM	S-115

Current law provides a refundable tax credit of up to \$500,000 per year to a national historic landmark developer, which is defined as a person that owns 2 or more structures located in the Kennebec Arsenal District National Historic Landmark.

This bill provides a refundable tax credit of up to \$1,500,000 per year to a local historic landmark developer, which is defined as a person who owns or has entered into a contract to purchase 2 or more buildings that are listed on the

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National Register of Historic Places and that are located in a tax increment financing district, in a Pine Tree Development Zone and in Waterville.

Committee Amendment "A" (S-115)

This amendment provides that the credit provided by the bill is available to qualified taxpayers eligible for a federal historic rehabilitation credit with regard to the Lockwood Mill Historic District in Waterville, Maine and eliminates other requirements specified in the bill. The amendment also clarifies the process for applying the credit and deletes the application date, which is unnecessary.

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

See also LDs 262 and 1356. Similar provisions were included in the biennial budget bill, Public Laws 2007, Chapter 240, Part NNNN.

LD 828 An Act To Change the Process for Applying for Reimbursement of Fuel Taxes

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CURTIS	OTP-AM	H-525

This bill provides that a person who is entitled to a refund of fuel taxes may apply for reimbursement of these taxes by filing a refund application on a schedule to be filed with that person's income tax return. The bill eliminates the 1¢ per gallon reduction in the amount of fuel taxes reimbursed and reimburses a person for the total of the eligible taxes. It also eliminates provisions regarding interest on unpaid claims and the time for filing that are no longer applicable to a refund application filed on a schedule with a person's income tax return.

Committee Amendment "A" (H-525)

This amendment extends the period for application for motor fuel tax refunds from 12 months to 15 months from the date of purchase, extends from 30 days to 90 days the time period for the State to make motor fuel refund payments without being required to pay interest and repeals provisions for state retention of a portion of the tax.

LD 828 was removed from the Special Highway Table and indefinitely postponed.

LD 829 An Act To Create a Back-to-school Sales Tax-free Weekend Each Year

ONTP

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

This bill establishes an annual sales tax-free weekend during the 3rd full weekend of August.

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LD 849 An Act To Amend the Laws Governing Eligibility for the Maine Residents Property Tax Program

**ACCEPTED ONTP
REPORT**

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

This bill amends the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, by including homesteads occupied by claimants that are qualified personal residence trusts or personal residence trusts. A qualified personal residence trust, or "QPERT," is a trust the governing instrument of which prohibits the trust from holding, for the original duration of the term interest, any asset other than one residence to be used or held for use as a personal residence of the term holder and qualified proceeds. A residence is held for use as a personal residence of the term holder as long as the residence is not occupied by any other person, other than the spouse or a dependent of the term holder, and is available at all times for use by the term holder as a personal residence.

LD 850 An Act To Reduce Taxes

ONTP

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

This bill provides a framework for comprehensive income and sales tax reform.

Part A reduces the top rate of the individual income tax from 8.5% to 8.25% for all filing statuses.

Part B increases the earned income credit from 5% of the federal credit to 25% and makes it refundable.

Part C makes the standard deduction under the income tax the same as at the federal level, starting in 2007.

Part D makes the personal exemption under the income tax the same as at the federal level, starting in 2007.

Part E restores conformity with federal law with regard to the deduction of business expenses under Section 179 of the United States Internal Revenue Code.

Part F repeals sales tax exemptions for packaging materials, sales by schools and school-sponsored organizations, ships' stores, railroad track materials and snacks and repeals special treatment of vending machine sales. Part F extends the sales tax to certain long-term rentals, consumer interstate telephone calls, amusement and recreational services, personal property services, personal services, real property services, lawn and landscaping services and taxi and limousine services. Part F also extends the service provider tax to telephone directory advertising, rental and leases of all tangible personal property and motor vehicle parking.

Part G increases the sales tax on short-term auto rentals from 10% to 15%. It increases the sales tax on lodging and prepared food and liquor at licensed establishments from 7% to 8% and provides that the additional revenue from the increase in the tax on meals and lodging is transferred to the Maine Quality Places Fund, which is established to promote conservation of quality places, outdoor recreation and high-quality tourism. Part G also provides that 0.5% of the revenue from the sales tax is transferred to the Outdoor Fund, which is established to support activities of the Department of Conservation and the Department of Inland Fisheries and Wildlife. The

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transfer to the Outdoor Fund equals approximately the amount of sales tax revenue attributable to recreational and sporting equipment, including guns.

Part H establishes an excise tax on soft drinks equal to \$4 per gallon of syrup and 42¢ per gallon of bottled soft drinks.

Part I changes the rate structure for the real estate transfer tax to provide that a transferor and a transferee of property must each pay a transfer tax starting at \$1 per \$1,000 of value of the property for property valued at less than \$100,000, increasing to \$7 per \$1,000 of value for real estate with a value of \$1,000,000 or more. The revenue from the portion of the tax received to the State and attributable to transfers by deed tax is credited 65% to the General Fund and 35% to the Housing Opportunities for Maine Fund.

Part J increases the low-income tax credit from \$2,000 to \$4,000.

Part K increase the maximum benefit under the Maine Residents Property Tax Program from \$2,000 to \$3000.

Part L requires the State to reimburse municipalities for 100% of taxes lost by reason of the homestead property tax exemption.

Part M provides that a lien for unpaid property taxes may not be foreclosed against the homestead of a person who is at least 65 years of age and has lived in the homestead for at least 10 years until the property is transferred by deed or upon death. Liens would continue in effect and would accrue interest until the lien is satisfied.

**LD 872 An Act To Exempt Military Pensions and Survivors' Benefit Payments
from State Income Tax**

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LANSLEY	OTP-AM A OTP-AM B ONTP C	H-555

This bill exempts from the state income tax all military pension and survivors' benefits for military personnel received as a result of service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard.

Committee Amendment "A" (H-555)

This amendment amends the appropriations and allocations section for administrative costs.

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

**LD 877 An Act Regarding the Homestead Exemption as It Applies to Certain
Housing Cooperatives**

ONTP

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

This bill treats the State's 50% reimbursement to municipalities for taxes lost by reason of the homestead exemption as property tax for purposes of tax increment financing district credit enhancement reimbursements.

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LD 879 An Act To Authorize a Local Option Homestead Exemption BY ONTP
REQUEST

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

This bill allows a municipality to adopt a local option homestead property tax exemption program that provides an exemption of up to 20% of the just value of the homestead. Eligibility criteria for the local option homestead property tax exemption must be the same as for the state homestead property tax exemption program. The benefit available under the local homestead exemption is in addition to the benefit available under the state homestead exemption.

LD 881 An Act To Create a Tax Break for Families That Make Less Than ONTP
\$25,000 Annually

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

This bill increases the income tax rate schedule bracket amounts, beginning with tax year 2007, by \$6,050. The effect of this bill is to increase the amount of taxable income that is taxed at rates below the top rate of 8.5%.

LD 885 An Act To Implement the Recommendations of the Commission To CARRIED OVER
Study the Costs of Providing Certain Services in the Unorganized Territories

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

This bill implements the recommendations of the Commission to Study the Cost of Providing Certain Services in the Unorganized Territories established by Resolve 2005, chapter 125.

Part A provides authority for county commissioners to impose service fees for certain types of services provided in the unorganized territory. Service fees must be based on the actual cost of providing the service, imposed only on persons actually receiving the service and imposed on all similarly situated persons receiving the service. Revenues must be used to reduce property taxes.

Part B changes the method of assessing areas under the jurisdiction of the Maine Land Use Regulation Commission for the cost of providing services. The unorganized territory will be assessed a fee equal to .014% of state valuation. Towns and plantations under the jurisdiction of the Maine Land Use Regulation Commission will be assessed a fee equal to .025% of state valuation, reflecting a higher amount of commission activities in those areas. The commission is required to report during the First Regular Session of the 124th Legislature regarding financial matters.

Part C provides that the Commissioner of Education may not provide or reimburse parents for providing transportation for students over roads that have not been accepted by the county as public roads or that do not meet Department of Transportation standards. Reimbursement to parents for transportation of a student will not be permitted beginning in fiscal year 2008-09.

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Part D requires the State Controller to establish an Unorganized Territory Education and Services Fund that is in accordance with the standards of a governmental accounting standards board as they apply to financial statements.

Part E increases the fee paid to agents collecting motor vehicle and watercraft excise taxes in the unorganized territory from \$4 to \$6.

Part F makes technical changes to update language and statutory references and repeals an obsolete provision in the laws relating to the funding of services in the unorganized territory.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

**LD 893 An Act To Exempt from Excise Tax Maine Military Personnel Who Are
Serving Their Tours of Duty in Maine**

PUBLIC 404

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

This bill provides a motor vehicle excise tax exemption for all members of the United States Armed Forces, regardless of their state of residency, who are permanently stationed at a military or naval post, station or base in Maine. The exemption does not apply to members of the National Guard or the Reserves of the United States Armed Forces.

Committee Amendment "A" (H-580)

This amendment clarifies that the motor vehicle excise tax exemption applies to motor vehicles owned by an eligible active duty service member and adds an effective date.

Enacted Law Summary

Public Law 2007, chapter 404 provides a motor vehicle excise tax exemption for vehicles owned by members of the United States Armed Forces, regardless of their state of residency, who are permanently stationed at a military or naval post, station or base in Maine. The exemption does not apply to members of the National Guard or the Reserves of the United States Armed Forces.

LD 900 An Act To Reduce the Capital Gains Tax

INDEF PP

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

This bill removes a portion of net positive long-term capital gains from income for the purposes of calculating income tax liability. This bill also increases the cigarette tax by \$1.00 per pack, increases the tobacco products tax on smokeless tobacco from 78% to 117% of the wholesale sales price and increases the tax on other tobacco products from 20% to 30% of the wholesale sales price.

This bill was indefinitely postponed without reference to Committee.

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**LD 919 An Act To Clarify the Sales Tax and Service Provider Tax Exemptions
for Nonprofit Ambulance Services**

PUBLIC 419

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLETT RAYE	OTP-AM	S-366 ROTUNDO

This bill expands an existing sales and use tax exemption for incorporated nonprofit fire departments and ambulance services to include air ambulance services that are limited liability companies, all of whose members are nonprofit organizations. The bill also adds a similar exemption to the service provider tax law. The exemption provisions apply retroactively to sales that occurred and leases that were entered into prior to the effective date of the legislation.

Senate Amendment "A" (S-366)

This amendment strikes the retroactivity section from the bill.

Enacted Law Summary

Public Law 2007, chapter 419 expands an existing sales and use tax exemption for incorporated nonprofit fire departments and ambulance services to include air ambulance services that are limited liability companies, all of whose members are nonprofit organizations. Chapter 419 also adds a similar exemption to the service provider tax law.

LD 920 An Act To Repeal the Maine Use Tax

**ACCEPTED ONTP
REPORT**

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

This bill repeals the use tax.

LD 936 An Act To Protect the Housing Opportunities for Maine Fund

PUBLIC 427

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

This bill prohibits the Governor or the Legislature from diverting revenues payable to the Housing Opportunities for Maine Fund and requires legislation proposing to lower the percentage of revenues to the HOME Fund from the Real Estate Transfer Tax be submitted to the joint standing committee of the Legislature with jurisdiction over affordable housing matters.

Enacted Law Summary

Public Law 2007, chapter 427 prohibits the Governor or the Legislature from diverting revenues payable to the Housing Opportunities for Maine Fund and requires that proposals to lower the percentage of revenues to the HOME Fund from the Real Estate Transfer Tax be submitted to the joint standing committee of the Legislature

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with jurisdiction over affordable housing matters.

LD 937 An Act To Exempt Qualifying Snowmobile Trail Grooming Equipment from State Sales Tax

PUBLIC 429

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLARK	OTP-AM	H-283 S-353 ROTUNDO

This bill exempts from sales and use tax snowmobiles and snowmobile trail grooming equipment purchased by an entity that is eligible for partial reimbursement of that purchase from a capital equipment grants program administered by the Department of Conservation, Bureau of Parks and Lands.

Committee Amendment "A" (H-283)

This amendment removes the provision referencing a capital equipment grants program administered by the Department of Conservation, Bureau of Parks and Lands and limits the sales and use tax exemption to equipment used by nonprofit snowmobile clubs directly and exclusively for the grooming of snowmobile trails.

Senate Amendment "A" (S-353)

This amendment requires that at the end of each fiscal year the State Controller shall transfer from the Snowmobile Trail Fund to the unappropriated surplus of the General Fund an amount equal to the tax exemption for certain trail grooming equipment.

Enacted Law Summary

Public Law 2007, chapter 429 provides a sales and use tax exemption to equipment used by nonprofit snowmobile clubs directly and exclusively for the grooming of snowmobile trails and requires that at the end of each fiscal year the State Controller shall transfer from the Snowmobile Trail Fund to the unappropriated surplus of the General Fund an amount equal to the tax exemption for certain trail grooming equipment.

LD 945 An Act To Require the State's Share of Local Aid to Education To Be Used for Property Tax Relief

ONTP

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

This bill proposes that, beginning with fiscal year 2007-08, 90% of the growth in the State's share of local aid to education must be used to reduce the municipal property tax. The bill also provides that spending limits for local school administrative units may only be exceeded by a voter referendum called by petition of at least 10% of the number of voters at the last election for Governor.

LD 948 An Act To Provide Relief to Maine Residents from Postsecondary Tuition Costs

ONTP

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

This bill establishes a program to provide an income tax credit to reimburse Maine residents for student loan payments when they earn a degree in the State and then live, work and pay taxes in the State thereafter. Any

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Maine resident who earns a degree from any accredited Maine college, including community colleges, private colleges and all university campuses, may take advantage of the credit. Alternatively, an employer may make student loan payments for an employee and claim the credit. The State Board of Education is required to adopt a contract for eligible students.

See also LDs 53, 298, 368, 1815 and 1856.

LD 952 An Act To Reduce the Income Tax

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COURTNEY		S-281

This bill specifies how the Tax Relief Fund for Maine Residents is to be used to provide tax relief. It requires the State Tax Assessor to annually adjust the income tax rates and nontaxable income amount using funds in the Tax Relief Fund for Maine Residents. The bill specifies that 50% of the revenue is to be used to decrease individual income tax rates and 50% is to be used to increase the earned income tax credit. The new rates and credit would be applicable for the immediately succeeding tax year only. If insufficient funds exist to decrease the tax rates by at least one quarter of a percentage point each and increase the earned income tax credit by 5 percentage points, then the assessor is prohibited from making any adjustment for that year.

Committee Amendment "A" (S-281)

This amendment replaces the bill and requires the transfer to the Tax Relief Fund for Maine Residents, beginning in fiscal year 2009-10, of 15% of the growth in income tax revenues over the previous year. The joint standing committee of the Legislature having jurisdiction over taxation matters is authorized to submit legislation to provide income tax relief using money available in the fund.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 954 An Act To Reduce the Sales Tax on Business Energy

**ACCEPTED ONTP
REPORT**

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

This bill reduces to 2.5% the rate of sales tax imposed on electricity and fuel sold to a business.

LD 961 An Act To Authorize an Alternative Calculation of the Property Growth Factor for Industrial Municipalities

CARRIED OVER

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

This bill provides an alternative method for municipalities with significant amounts of personal property in their tax base to calculate their property growth factor for the purposes of determining their property tax levy limit

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under the system in Public Law 2005, chapter 2, also known as "LD 1." Specifically, this bill allows municipalities with personal property growth exceeding 5% to calculate the property growth factor either on the basis of the previous year's data or the average of the 2 previous years' data in order to address the potential year-to-year volatility in property growth.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 962 An Act To Reform and Lower Maine Taxes

ONTP

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

This bill implements tax reform in the following areas.

PART A allows persons eligible for benefits under the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, to file for a refundable credit using the individual income tax form.

PART B increases the threshold a municipality must meet in order to qualify for so-called "revenue sharing 2" funds from 10 mills to 15 mills over a 5-year period.

PART C decreases the top rate income tax from 8.5% to 7.5%, conforms the personal exemption to the federal personal exemption and increases the earned income tax credit from 5% to 20% over a 5-year period and makes it refundable.

PART D expands the ability of a municipality to impose service charges on certain tax-exempt properties located in that municipality in the following ways.

PART E expands the definition of "taxable service" for purposes of the imposition of sales tax to include amusement, recreational and personal services and consumer purchases of transportation services and professional, club or fraternal memberships. It eliminates certain sales tax exemptions and increases the so-called "lodging tax" from 7% to 10% and the tax on prepared meals from 7% to 8%.

LD 1001 An Act To Eliminate the Property Tax on Business Equipment Owned by Small Retailers

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COURTNEY		S-321

This bill extends the business equipment property tax exemption to eligible property located at a retail sales facility with interior customer selling space that is smaller than 20,000 square feet.

Committee Amendment "A" (S-321)

This amendment adds an effective date of July 1, 2009 to the bill.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

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LD 1002 An Act To Improve Access to and Awareness of the Circuitbreaker Program

ONTP

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

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

This bill proposes to enact measures to increase access to and awareness of the Maine Residents Property Tax Program, also known as the Circuitbreaker Program.

LD 1003 An Act To Amend the Tax Credit for Biofuel Production

PUBLIC 426

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRYANT B	OTP-AM	S-182

This bill extends from 5 to 10 the number of taxable years a person may be entitled to the tax credit of 5¢ per gallon on income derived from the production of biofuel.

Committee Amendment "A" (S-182)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2007, chapter 426 extends from 5 to 10 the number of taxable years a person may be entitled to the tax credit of 5¢ per gallon on income derived from the production of biofuel.

LD 1005 An Act To Amend the Tax Laws Concerning Certain Motor Vehicle Dealership Transactions

PUBLIC 410

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY J	OTP-AM	S-233

This bill amends the laws regarding the taxability of certain motor vehicle dealership transactions by:

1. Excluding from the definition of "retail sale" the sale of motor vehicles required by a franchise agreement to be used by service customers of the new car dealer;
2. Exempting from the sales and use tax the use of a loaner vehicle by a service customer of a new car dealer pursuant to a manufacturer's or dealer's warranty. Loaner vehicles that are provided to a service customer but not pursuant to a warranty are taxed at the same rate as a short-term automobile rental, 10% ; and
3. Specifying that dealers can sell vehicles under certain circumstances on a tax-exempt basis as long as the vehicle is removed from the State immediately and for more than one year.

Committee Amendment "A" (S-233)

This amendment:

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1. Revises the sales tax methodology on extended service contracts on automobiles; rather than through the current formula, which subjects parts and a percentage of the deductible on all such contracts to sales tax at the time service is provided, the tax will be assessed at the time of the sale.
2. Removes the change made by the bill that removed the distinction between domestic and foreign limited liability companies in the definition of "nonresident" for purposes of the exemption; and
3. Adds a retroactive application section exempting amounts charged or collected on loaner vehicles after November 1, 2002 unless the tax was paid and the person paying did not appeal that payment.

Enacted Law Summary

Public Law 2007, chapter 410 amends the laws regarding the taxability of certain motor vehicle dealership transactions by:

1. Excluding from the definition of "retail sale" the sale of motor vehicles required by a franchise agreement to be used by service customers of the new car dealer;
2. Exempting from the sales and use tax the use of a loaner vehicle by a service customer of a new car dealer pursuant to a manufacturer's or dealer's warranty. Loaner vehicles that are provided to a service customer but not pursuant to a warranty are taxed at the same rate as a short-term automobile rental, 10% ;
3. Exempting from sales and use tax the sale of vehicles under certain circumstances to a qualifying resident business if the vehicle is removed from the State immediately and for more than one year; and
4. Revises the sales tax methodology on extended service contracts on automobiles; rather than through the current formula, which subjects parts and a percentage of the deductible on all such contracts to sales tax at the time service is provided, the tax will be assessed at the time of the sale.

Provisions exempting amounts charged or collected on loaner vehicles apply retroactively to November 1, 2002 unless the tax was paid and the person paying did not appeal that payment.

LD 1006 An Act To Ensure Fairness for Maine Businesses

PUBLIC 328

Sponsor(s)

WESTON

Committee Report

OTP-AM MAJ
ONTP MIN

Amendments Adopted

S-260

This bill requires a person selling supplies, services, materials and equipment to the State to register with the State Tax Assessor as a seller and collect and remit sales tax as a condition of doing business with the State. The State is prohibited from doing business with an entity that fails to comply with this requirement.

Committee Amendment "A" (S-260)

This amendment limits the scope of the bill to purchases of \$100,000 or more. It authorizes the State Purchasing Agent to withhold payments for noncompliance with the requirement to register with the Department of Administrative and Financial Services, Bureau of Revenue Services and collect, report and remit taxes. It also provides for the disclosure by the Department of Administrative and Financial Services, Bureau of Revenue Services to the State Purchasing Agent of the person's sales tax standing.

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Enacted Law Summary

Public Law 2007, chapter 328 prohibits the State from purchasing \$100,000 or more in personal property from a seller who is not registered as a retailer under the sales tax and who does not collect and remit sales tax. The State Purchasing Agent is authorized to withhold payments for noncompliance with the requirement to register with the Department of Administrative and Financial Services, Bureau of Revenue Services and collect, report and remit taxes. This law also provides for the disclosure by the Department of Administrative and Financial Services, Bureau of Revenue Services to the State Purchasing Agent of a person's sales tax standing.

LD 1010 An Act To Ensure That Military Services Members Receive Deferment of Their Property Tax Obligations

ONTP

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

This bill provides that a municipality may not impose any interest, penalties or enforcement action against military service members who owe property tax except to the extent permitted under the federal Servicemembers Civil Relief Act of 2003, which prohibits a state or local government from taking property of a service member for nonpayment of property taxes and provides for a maximum of 6% interest on unpaid tax obligations.

LD 1052 An Act To Extend Eligibility for the Trade-in Credit to All Trailers

PUBLIC 375

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROWNE SAVAGE C	OTP-AM	H-497

This bill extends the eligibility for the sales tax trade-in credit to all trailers.

Committee Amendment "A" (H-497)

This amendment defines "trailer" and also subjects the casual sale of all trailers to the sales and use tax. The amendment extends the eligibility for the trade-in credit to all trailers, as in the bill.

Enacted Law Summary

Public Law 2007, 375 extends eligibility for the sales tax trade-in credit to all trailers and subjects the casual sale of all trailers to the sales and use tax.

LD 1062 An Act To Provide Tax-exempt Status to Service Dog Trainers

ONTP

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

This bill provides a sales tax exemption for purchases made by a nonprofit organization that trains service dogs used to assist persons with disabilities.

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**LD 1067 An Act To Require the Payment of Property Taxes before a Refund
May Be Issued under the Circuitbreaker Program** **ONTP**

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

This bill changes the definition of "property taxes accrued" for purposes of calculating the benefit under the Circuitbreaker Program to mean taxes levied on the homestead and paid by the claimant. The bill also requires a person seeking reimbursement under the Circuitbreaker Program to provide proof of payment of the property taxes claimed with the application for reimbursement.

**LD 1069 An Act To Provide a Property Tax Exemption for Nonprofit Technology
Centers** **ONTP**

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

This bill provides for a property tax exemption for nonprofit technology centers that are established pursuant to the Maine Revised Statutes, Title 5, section 15321.

LD 1093 An Act To Exempt Dyed Fuel from the Sales Tax **DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI	OTP-AM	H-454

This bill adds fuels used in farm tractors to the current sales tax exemption for products used in commercial agricultural crop production.

Committee Amendment "A" (H-454)

This amendment replaces the proposed sales tax exemption for fuels used in farm tractors with a sales tax exemption for dyed fuel.

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

**LD 1094 An Act To Exempt from the Sales Tax Water Used in Agricultural
Production** **CARRIED OVER**

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

This bill adds water to the current sales tax exemption for products used in commercial agricultural crop production.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

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LD 1095 An Act To Enhance the Maine Residents Property Tax Program

ONTP

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

This bill amends the Maine Residents Property Tax Program, also known as the "Circuitbreaker Program," by allowing an individual to apply for a benefit using the individual income tax form. The filing period for benefits under the Circuitbreaker Program is changed from August 1st to the following May 1st to January 1st to the following June 1st, beginning with benefit years beginning after 2006.

LD 1096 An Act To Make Circuitbreaker Program Benefits Proportional If a Resident Moves

PUBLIC 325

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PRESCOTT COURTNEY	OTP-AM	H-373

This bill allows a person who owns or rents a homestead for at least 6 months of the prior calendar year to obtain a portion of benefits under the Circuitbreaker Program based on the number of months the person occupied the homestead. This bill maintains the current requirement that the person be a resident of Maine for the entire prior year.

This bill also allows a person who owns and occupies more than one homestead during the year to be reimbursed for taxes owed for the time during which the person occupied each homestead. This reimbursement is determined by dividing by 12 months the property tax owed on each homestead during the year for which the claim is filed and multiplying that number by the number of months the property was occupied by the person as a homestead during that year.

Committee Amendment "A" (H-373)

This amendment deletes the provision of the bill that permitted an individual to qualify for circuitbreaker benefits if the resident occupied the homestead for at least 6 months. It also specifies the manner in which the circuitbreaker benefit is calculated for residents who move from one homestead to another during the year in which relief is requested.

Enacted Law Summary

Public Law 2007, chapter 325 allows a person who owns and occupies more than one homestead during the year to be reimbursed for taxes owed for the time during which the person occupied each homestead. This reimbursement is determined by dividing by 12 months the property tax owed on each homestead during the year for which the claim is filed and multiplying that number by the number of months the property was occupied by the person as a homestead during that year.

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**LD 1100 Resolve, Directing the Bureau of Revenue Services To Provide Guidance
Regarding the Valuation of Certain Affordable Housing Property**

RESOLVE 89

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SCHNEIDER	OTP-AM	S-289

This bill provides that low-income housing facilities that qualify for the low-income housing tax credit under the United States Internal Revenue Code of 1986, Section 42 are exempt from taxation in this State to the extent of the just value attributable in any way to or based in any way on the value exempted under the low-income housing tax credit.

Committee Amendment "A" (S-289)

This amendment replaces the bill with a resolve directing the Department of Administrative and Financial Services, Bureau of Revenue Services to prepare guidance for local assessors regarding appropriate methods of valuing property eligible for federal affordable housing credits.

Enacted Law Summary

Resolve 2007, chapter 89 directs the Department of Administrative and Financial Services, Bureau of Revenue Services to prepare guidance for local assessors regarding appropriate methods of valuing property eligible for federal affordable housing credits.

LD 1105 An Act To Strengthen Maine's Craft Brewers

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EDMONDS PERRY J	OTP-AM	S-290

This bill provides tax incentives to Maine malt liquor brewers based on the amount of malt liquor produced in Maine and exported for sale outside of Maine. Specifically, this bill:

1. Provides a tax credit against the excise taxes imposed on alcohol manufactured and sold in Maine by a brewer equal to 17.5¢ per gallon of malt liquor manufactured and exported by that brewer. This tax credit is limited to 50% of the amount of excise taxes due from a brewer. The percentage of malt liquor that is eligible for the credit is 90% of the amount produced and exported and is reduced by 10% each year. If a brewer increases its production and export of malt liquor by 10% in a year, an additional credit is allowed for the excess; and
2. Expands the employment tax increment financing program to provide an enhanced reimbursement for qualified brewers who add qualified employees.

The bill also provides that the excise tax credit and enhanced employment tax increment financing reimbursement are repealed March 1, 2011 unless the Commissioner of Economic and Community Development certifies that the number of new employees of qualified brewers for which reimbursement was made in 2010 has increased at least 10% over total 2007 employment.

Committee Amendment "A" (S-290)

This amendment deletes provisions of the bill creating an export tax credit and adds provisions establishing the

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Maine Craft Brewers Marketing Promotion Fund to provide grants to qualified brewers who agree to include the Department of Economic and Community Development's approved marketing insignia on all their marketed products.

This amendment also makes an ongoing general fund appropriation of \$100,000 to fund the Maine Craft Brewers Marketing Promotion Fund.

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

LD 1109 *Resolve, To Establish a Study Commission To Reform Taxes and Spending in Maine* **CARRIED OVER**

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

This resolve establishes a study commission to review the Brookings Institution report, "Charting Maine's Future: An Action Plan for Promoting Sustainable Prosperity and Quality Places." The commission is to report back with suggested legislation for a yes or no vote, without amendments, on tax and spending reform for the State, with a focus on efficiency.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1112 *An Act To Exempt from Maine Taxes Wine Shipped to Other States* **ONTP**

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

This bill exempts from excise tax taxes imposed on wine the sale of wine shipped by a manufacturer, bottler or rectifier licensed in Maine to an individual, retailer or distributor located in another state as long as the entity shipping the wine is authorized to ship wine into the receiving state.

LD 1131 *An Act To Establish a Sales Tax Rebate for Certain Vehicles* **ONTP**

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

This bill allows a sales tax trade-in credit to apply to the sale of the old motor vehicle within 6 months after the purchase of the new motor vehicle.

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LD 1144 An Act To Provide Information to Property Tax Payers

PUBLIC 432

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAMSON SNOWE-MELLO	OTP-AM MAJ ONTP MIN	H-570 S-387 PERRY J

This bill requires the State Tax Assessor to determine a standardized form for property tax bills issued by municipalities and provide this form to municipalities. The form must include the following information:

1. The amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, state reimbursement for the Maine resident homestead property tax exemption and state aid for education;
2. The assessed value of a homestead, before and after the calculation of a Maine resident homestead property tax exemption, and the amount of the exemption applied to the homestead;
3. The percentage of property taxes distributed to education and local, county and state government;
4. The outstanding bonded indebtedness of the issuing municipality; and
5. The date interest begins to accrue.

Committee Amendment "A" (H-570)

This amendment removes provisions from the bill requiring certain property tax bills to be in a form determined by the State Tax Assessor and repeals a requirement in current law that requires property tax bills to contain a separate statement regarding the amount and impact of the homestead exemption. This amendment adds a mandate preamble and an appropriations and allocations section.

Senate Amendment "A" (S-387)

This amendment removes the General Fund appropriation.

Enacted Law Summary

Public Law 2007, chapter 432 changes the information that municipalities that issue property tax bills must provide with those bills in the following ways.

1. The percentage of property taxes distributed to education and local, county and state government must be stated;
- 2.. The outstanding bonded indebtedness of the issuing municipality must be stated; and
3. The current requirement that the property tax bill contain a calculation of assessed value before and after application of the homestead exemption is repealed.

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LD 1145 An Act To Impose a Real Estate Transfer Tax Based on the Value of the Property

ONTP

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

This bill changes the rate of the real estate transfer tax imposed on the buyer and seller of real property and the manner of imposition. The buyer of property is charged a flat tax of \$2 per \$1,000 of value of the property being purchased. The seller of the property is charged a tax rate dependent on the value of the property being sold, starting at \$2 per \$1,000 of value of the property for property valued at less than \$300,000, increased for every \$100,000 in property value by \$1 per \$1,000 of the value of the property being sold. A maximum tax rate of 1% of the value of the property being sold is reached for property valued at \$1,000,000 or more.

Ten percent of the revenue from the tax is credited to the county where the tax was collected, 45% to the Maine State Housing Authority and 45% to the so-called circuit breaker reserve to fund the Maine Residents Property Tax Program.

LD 1155 An Act To Include Fuel Economy when Calculating the Excise Tax on Motor Vehicles

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BABBIDGE NASS R		

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

This bill proposes to amend the method of determining the rate of the excise tax imposed on motor vehicles to take into consideration the fuel economy of the vehicle. The manufacturer's suggested retail price, or "MSRP," would still be used to determine a portion of the tax but the remaining portion of the tax would be assessed according to a sliding scale based upon the median average miles per gallon of the vehicle, using the range posted for city and highway mileage, which, like the price, would be taken from the manufacturer's sticker. The new system would begin on January 1, 2008 and would be phased in over a 6-year period.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1167 An Act To Permit a Local Option Sales Tax in Towns Adjacent to a National Park

INDEF PP

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

This bill allows a town located close to a national park, such as Bar Harbor, to impose a 2% local option sales and use tax. Revenue from the tax, after the deduction of administrative costs, must be used to reduce the property tax rate. If, despite the use of all the revenue generated by the local option sales and use tax, the property tax rate, after adjustment for inflation, cannot be decreased below a level that is less than 1% higher than the previous year's property tax rate, then this bill requires a 2/3 vote of the governing body of the town to pass the budget containing the higher tax rate.

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This bill was indefinitely postponed without reference to committee.

LD 1169 An Act Relating to Uncollectible Cigarette and Tobacco Taxes

DIED ON
ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL	OTP-AM	S-183

This bill provides a mechanism for distributors of tobacco products and cigarettes who pay the cigarette tax up front to receive a credit for the tax paid by them on products for which the distributor is not paid and the distributor has been unable to reclaim.

Committee Amendment "A" (S-183)

This amendment clarifies that the methods used to charge off uncollectible debt conform to generally accepted accounting principles. It also establishes the distributor's discounted rate as the basis for the credit.

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

LD 1181 An Act To Reclassify Certain Tobacco Products

ONTP

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

This bill clarifies the laws with respect to cigarettes and cigars, for tax and other purposes. The bill reclassifies certain tobacco products such as little cigars, which are, in content, design, size and shape, substantially similar to traditional cigarettes. The bill also directs the State Tax Assessor to adopt rules to carry out the provision of the Maine Revised Statutes, Title 36, section 4382-A, which is enacted in the bill.

LD 1182 An Act To Enable the Creation of Tax Increment Financing Districts for Arts Districts

PUBLIC 413

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ADAMS	OTP-AM	H-534

This bill amends the tax increment financing laws to permit their application to the development of municipal arts districts.

Committee Amendment "A" (H-534)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2007, chapter 413 amends the tax increment financing laws to permit their application to the development of municipal arts districts.

Joint Standing Committee on Taxation

LD 1189 An Act To Expand the Maine Residents Property Tax Program

ONTP

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

Under the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, a person whose housing costs were subsidized by government programs that limit housing costs to a percentage of household income is ineligible to participate under the Circuitbreaker Program. This bill repeals that ineligibility, effective for application periods beginning on or after April 1, 2007.

LD 1192 An Act To Adjust Revenue Sharing Proportions for Education

ONTP

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

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

This bill proposes to change the formula for the distribution of state-municipal revenue sharing. Currently, revenue is transferred from the Local Government Fund to each municipality in proportion to the product of the population of the municipality multiplied by the property tax burden of the municipality. This bill proposes to distribute state-municipal revenue sharing funds to a municipality in proportion to that municipality's tax effort that exceeds the State average full-value rate for education.

LD 1193 An Act Regarding the Taxation of Income Derived from Out-of-state Trusts

ONTP

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

This bill enacts a credit similar to that provided under the Maine Revised Statutes, Title 36, section 5217-A for income tax paid to another taxing jurisdiction for trust beneficiaries. The bill limits the credit to trust income distributed to a beneficiary when the trust was not entitled to an equivalent credit on the income distributed. The bill provides for a retroactive application to tax years beginning on or after January 1, 2002, but does not affect any agreement or settlement that has been reached prior to July 1, 2007 regarding payment of Maine taxes imposed on the distribution of income to a trust that was taxed in another jurisdiction.

LD 1211 An Act To Decrease the Property Tax Rate

ONTP

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

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

This bill proposes to implement various measures to reduce property tax rates by 5 mills.

Joint Standing Committee on Taxation

LD 1214 An Act To Improve the Competitiveness of Maine's Boat Building Industry

CARRIED OVER

Sponsor(s)

DAMON

Committee Report

Amendments Adopted

Current law provides an exemption from the sales tax to a nonresident who purchases a watercraft or materials for the repair or alteration of a watercraft only if the watercraft is transported outside of the State immediately after the sale. If the watercraft is present in the State, other than for temporary storage, for more than 30 days during the 12 months following the sale, then the purchaser is subject to use tax.

This bill removes the time restrictions, thus providing a sales and use tax exemption to watercraft or materials sold to a nonresident of Maine, regardless of the amount of time the watercraft remains in the State.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1225 An Act To Make Technical Changes to the Repeal of the Personal Property Tax on Business Equipment

PUBLIC 435

Sponsor(s)

PERRY J

Committee Report

OTP-AM

Amendments Adopted

S-327

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

This bill proposes to make minor technical changes to the property tax exemption for eligible business equipment.

Committee Amendment "A" (S-327)

This amendment provides an automatic extension for reports under the business equipment tax exemption.

Enacted Law Summary

Public Law 2007, chapter 435 provides an automatic one-month extension for reports under the business equipment tax exemption.

LD 1235 An Act Regarding Recreational Vehicle Excise Taxes

ONTP

Sponsor(s)

MARLEY

Committee Report

ONTP

Amendments Adopted

This bill amends the excise tax rate schedule on camper trailers and lengthens the rate schedule from 6 to 10 years.

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LD 1242 An Act To Increase Relief Provided under the Homestead Property Tax Exemption BY REQUEST **ONTP**

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

This bill establishes an additional 1% general sales tax. The revenue generated by the additional tax is used to increase the state reimbursement to municipalities to more than 50% of the tax revenue lost by those municipalities due to the Maine homestead property tax exemption program.

LD 1243 An Act To Allow Local Administration of the Maine Residents Property Tax Program BY REQUEST **ONTP**

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

This bill allows a municipality to apply to the Department of Administrative and Financial Services, Bureau of Revenue Services for authority to locally administer the Maine Residents Property Tax Program, also known as the Circuitbreaker Program. Following application, the municipality would be allowed to directly reimburse a claimant through an offset against the claimant's tax bill.

LD 1255 Resolve, To Return to J & L Discatio Corporation Money Paid by It to Maine Revenue Services **ONTP**

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

This resolve authorizes the State to refund to J & L Discatio Corporation an overpayment of corporate taxes in 1998.

LD 1266 An Act To Support County Government **DIED BETWEEN HOUSES**

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

This bill establishes a process for a county to adopt a limited special sales and use tax to generate county revenue to finance projects to improve civic centers, promote tourism, improve the delivery of municipal or county services and to provide property tax relief. It also changes the distribution of the real estate transfer tax proceeds to the county from 10% to 25% of revenue.

Committee Amendment "A" (H-557)

This amendment changes the distribution of real estate transfer tax revenue to more effectively accomplish the intent of the bill. It also adds an appropriations and allocations section.

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LD 1276 An Act To Promote Funding for Wildlife

ONTP

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

This bill requires the income tax check off for the Maine Endangered and Nongame Wildlife Fund to be located on the first page of the individual income tax form.

LD 1298 An Act To Amend the Definition of "Working Waterfront Land" To Include Land Used for Marine Trades

CARRIED OVER

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

This bill amends the definition of "working waterfront land" under the law authorizing current use tax valuation to include land providing access to or supporting the conduct of commercial marine activities.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1299 An Act To Amend the Farm and Open Space Tax Law BY REQUEST

ONTP

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

This bill creates a category of land in the farm and open space tax laws called "public recreational land," which is open space land that receives additional reduction in taxes under the laws for keeping the land open to unlimited public recreational activities. This bill also allows public recreational land also to be forest land under the Maine Tree Growth Tax Law, in which case the land is assessed as either open land or forest land, whichever is lower, with an additional 10% reduction in taxes for being in both programs.

LD 1300 An Act To Return a Portion of Sales, Lodging and Meals Taxes to Municipalities

DIED BETWEEN HOUSES

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHASE	OTP-AM	H-576

This bill requires the Treasurer of State to disburse to a municipality an amount equal to 10% of the difference between the sales tax on prepared food and lodging collected in that municipality in a fiscal year and the amount collected in that municipality in fiscal year 2006. If the amount of sales taxes collected in a fiscal year in a municipality is below that collected in 2006, then the municipality receives no revenue under this bill. The amount received under this bill may not reduce any other state aid or revenue sharing received by that municipality, and the municipality must use the amount received under this bill to reduce property taxes by the same amount.

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Committee Amendment "A" (H-576)

This amendment replaces the bill and requires payments beginning in fiscal year 2009-10 to municipalities of an amount equal to 10% of the difference between the sales and use tax attributable to the municipality in a fiscal year and the comparable amounts for fiscal year 2008-09, referred to as the "local sales tax increment." If the amount of sales and use tax collected in a fiscal year in a municipality is below that collected in fiscal year 2008-09, then the municipality receives no payment. Under this amendment the amount received may not reduce any other state aid or revenue sharing received by that municipality, and the municipality must use the amount received to reduce property taxes by the same amount. The Unorganized Territory Education and Services Fund receives the same payment as municipalities and is subject to the same requirement to use the revenue to reduce property taxes.

LD 1307 An Act To Reduce Duplication of Paperwork for Fuel Distributors

PUBLIC 407

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DIAMOND	OTP-AM	S-320

This bill exempts a retail dealer of gasoline who also holds a distributor certificate from the reporting provisions of the gasoline tax laws if the retail dealer elects to be treated as a retail dealer instead of a distributor, in which case the retail dealer is required to pay the gasoline tax upon payment of the gasoline purchased by the retail dealer.

Committee Amendment "A" (S-320)

This amendment replaces the bill and permits motor vehicle fuel distributors that distribute only to retail dealers or directly into the fuel tanks of motor vehicles to register with the State Tax Assessor and file tax forms in a less burdensome manner.

Enacted Law Summary

Public Law 2007, chapter 407 permits motor vehicle fuel distributors that distribute only to retail dealers or directly into the fuel tanks of motor vehicles to register with the State Tax Assessor and file tax forms in a less burdensome manner.

LD 1338 An Act Concerning the Taxation of Property Owned by Certain Nonprofit Organizations

ACCEPTED ONTP
REPORT

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

Current law exempts from property tax real estate and property owned by a fraternal organization that is used solely by the organization for the purposes for which it is organized. This bill exempts real estate and property that the organization rents to others as long as the income derived from the rental is used exclusively for the organization's charitable purposes.

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LD 1342 An Act To Enhance Energy Security by Requiring Greater Fuel Efficiency **ONTP**

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

This bill exempts rental cars of which of 50% of their mileage is driven in Maine that have a fuel efficiency of at least 50% higher than the federal average fuel economy standards set by the Federal Government from the registration fee and excise tax for motor vehicles and charges an additional registration fee and excise tax for rental cars that are not exempt in an amount that equals the amount of exemptions given.

LD 1356 An Act To Provide a Tax Credit for Revitalization of Historic Mill Facilities **ONTP**

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

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

This bill proposes to create a refundable income tax credit to a taxpayer who owns and revitalizes a former mill facility that is a national historic landmark or is determined to be a historic landmark by the State Historic Preservation Officer.

See also LDs 262 and 816.

LD 1357 Resolve, Directing the Treasurer of State To Convene a Study Commission To Develop Recommendations To Improve the Administration of the State-Municipal Revenue Sharing **ONTP**

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

This resolve directs the Treasurer of State to convene a study group that is charged with reviewing the distribution of state-municipal revenue sharing, and directs the Treasurer of State to submit its report to the Joint Standing Committee on Appropriations and Financial Affairs.

See also LDs 355 and 1358.

LD 1358 Resolve, To Study the Distribution of Revenue Sharing **ONTP**

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

This resolve requires the Treasurer of State to convene a commission to study the current system of state-municipal revenue sharing and develop recommendations to improve the administration and distribution

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of state-municipal revenue sharing.

See also LDs 355 and 1357.

LD 1375 An Act To Equalize the Taxation of Noncigarette Tobacco Products

ONTP

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

This bill requires all tobacco products other than cigarettes to be taxed at the rate of \$1 per ounce.

LD 1376 An Act To Preserve Farmland and Timberland

ONTP

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

This bill removes the value of eligible farmland and timberland from the calculation of the Maine estate tax.

LD 1377 An Act To Exempt Fuel Used by Commercial Groundfishing Boats from Sales Tax

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAND	OTP-AM	H-498 S-284 STRIMLING

This bill exempts diesel fuel used for the purpose of operating or propelling a commercial groundfishing boat from the sales tax. "Commercial groundfishing boat" is defined as a boat that is licensed to harvest, and used for harvesting, northeast multispecies fish.

Committee Amendment "A" (H-498)

This amendment incorporates a fiscal note.

Senate Amendment "A" (S-284)

This amendment makes technical corrections.

See also Public Law 2007, chapter 240, Part WWW, sections 1 and 2, which contain similar provisions.

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

Joint Standing Committee on Taxation

LD 1378 Resolve, To Provide Information to Maine Citizens Regarding Maine's Tax Laws

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RAND	OTP-AM	H-571

This resolve requires the State Tax Assessor to compile and mail to all households in Maine information regarding income, sales, meals and lodging, corporate and property taxes as those taxes are imposed in Maine and other states.

Committee Amendment "A" (H-571)

This amendment replaces the resolve with language that requires the State Tax Assessor to make available to citizens certain information regarding the State's tax structure and recent legislative changes to the tax structure.

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

LD 1379 An Act To Create an Income Tax Stabilization Program

ONTP

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

This bill proposes a mechanism to achieve periodic reductions in income tax rates by using revenue in excess of an income tax revenue target for fiscal year 2007-08 of \$1,400,000,000. A comparison of the actual fiscal year revenue excess to the target amount provides the measure by which tax rates are to be adjusted downward for the tax year. This process repeats itself annually until the cumulative 20% reduction is reached.

LD 1380 An Act To Provide Income Tax Relief to Working and Middle-class Families

ONTP

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

This bill increases the taxable income thresholds for heads of household and joint filers by approximately 20%.

LD 1400 An Act To Amend the Laws Governing the Taxation of Partnerships

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY J		S-288

This bill provides that in the case of a professional service partnership, the aggregate amount of income that may be considered as derived from or connected with sources in this State and allocated to all qualified nonresident partners may not exceed the total income of the partnership, as reduced by the aggregate amount of income allocated to those partners who are residents of this State or nonqualified nonresident partners. This treatment is retroactive to January 1, 2001.

Joint Standing Committee on Taxation

Committee Amendment "A" (S-288)

This amendment limits the scope of the bill to partnership income related to the practice of law or accountancy. It provides additional clarification regarding the calculation of income by specifying the method for determining reasonable compensation. It also adds an appropriations and allocations section. This treatment applies to tax years beginning on or after January 1, 2007.

This bill was removed from the Special Appropriations Table, recommitted and carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1412 RESOLUTION, To Amend the Constitution of Maine To Protect Senior Property Owners

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require municipalities to cap property taxes on property owned and occupied as a person's primary residence if that person is at least 65 years of age. The tax would be stabilized at the amount assessed on the property on the later of the property tax year in which the person attained 65 years of age or the year the person purchased the property. Upon transfer of the property to someone other than a family member of the owner, the property would assume the just value at the time of transfer. A municipality could choose not to participate by informing the State Tax Assessor of its choice.

LD 1413 An Act To Set Fees for Services for Tax-exempt Property in Municipalities

CARRIED OVER

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

This bill allows a municipality to assess fees for certain services provided to a tax-exempt institution, other than houses of religious worship, that have assets with a taxable value of more than \$10,000,000 if not for the property tax exemption.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1414 An Act To Support Farms and Limit Sprawl

PUBLIC 301

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI	OTP-AM	H-407

This bill allows a municipality to enter into arrangements under which the municipality obligates itself to make farm support payments equal to property taxes to the owner of qualified farmland and the owner of that farmland grants to the municipality a limited 30-year easement protecting the farmland from development. The bill directs the Department of Agriculture, Food and Rural Resources to adopt major substantive rules governing such arrangements.

Joint Standing Committee on Taxation

Committee Amendment "A" (H-407)

This amendment provides that farm support payments may be an amount up to 100% of property taxes assessed by a municipality but no more than the fair market value of the easement provided to the municipality under the farm support arrangement. The amendment also provides that a qualified easement that is part of a farm support arrangement may be for any term not less than 20 years. The amendment also makes a technical change.

Enacted Law Summary

Public Law 2007, chapter 301 allows a municipality to enter into arrangements under which the municipality obligates itself to make farm support payments to an owner of qualified farmland who grants to the municipality an easement for at least 20 years protecting the farmland from development. Support payments may equal up to 100% of property taxes but no more than the fair market value of the easement. The Department of Agriculture, Food and Rural Resources is directed to adopt major substantive rules governing such arrangements.

LD 1432 **An Act To Create a Voluntary Checkoff for the Income Tax Form for Forest Disease Prevention and Control**

ONTP

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

This bill establishes the Tree Disease Prevention and Control Fund to assist the Director of the Bureau of Forestry in the Department of Conservation in monitoring the health of the forests, including maintaining a statewide surveillance system to detect and monitor insects, diseases and abiotic agents, including air pollution and acid deposition potentially injurious to the forest resources of the State, providing information and technical advice and assistance to individuals and other state and federal agencies on the identification and control of forest insects and diseases and conducting applied research related to the management of insects, diseases and abiotic agents potentially injurious to the forest resources of the State. The fund is supported by contributions through a voluntary checkoff on the income tax return form and through direct donations.

LD 1433 **An Act Providing Senior Citizens with an Optional Deferred Payment Plan for the Payment of Property Taxes**

ONTP

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

This bill allows a municipality to establish a municipal property tax deferral program. The program would allow a resident who is at least 65 years of age and whose annual income is not more than 300% of the poverty level to pay property taxes on that person's homestead at the rate that was in effect on that person's 65th birthday, the date the person purchased the homestead or April 1, 2007, whichever is later. The assessment remains at that level until the residence is sold or transferred, the person elects to stop participating or the person is no longer eligible to participate in the program. At that time, all property taxes assessed on the property but deferred because of participation in the program must be paid to the municipality. Deferred taxes that are not paid within the required time accrue interest.

In order to offset the temporary loss of revenue caused by persons participating in the program, the municipality may, upon approval of its voters, impose an additional assessment of up to 2% of the taxes deferred upon property in the municipality. The revenue from the additional assessment must be kept in a dedicated escrow account and used solely for the administrative costs of the program.

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LD 1434 An Act To Lower Maine Income Tax Rates

ONTP

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

This bill decreases the top 2 income tax rates over a 4-year period, beginning with tax year 2007. The initial decrease is from 8.5% and 7% to 8% and 6.5%, respectively, and then a further 1% and 0.5% decrease in each rate, respectively, for the 2008, 2009 and 2010 tax years until both rates are 5%.

LD 1443 Resolve, To Study the Funding Formula of Cumberland County To More Equitably Apportion the Taxes Paid to County Government

INDEF PP

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

LD 1443 is a concept draft pursuant to Joint Rule 208.

It proposes to establish a study commission to conduct an impact study in Cumberland County on a new funding formula based on assessment and population factors to more equitably apportion taxes paid to county government. This resolve was indefinitely postponed without reference to Committee.

LD 1444 An Act To Index the Veterans' Property Tax Exemptions to the Cost of Living

ONTP

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

This bill provides for annual inflation adjustments in veterans' property tax exemptions and for additional increases if federal funds can be identified to permit reimbursement to municipalities. The bill also requires the State Tax Assessor to explore federal and other sources of funding for veterans' exemptions and requires the Governor to seek assistance from the Maine Congressional Delegation in obtaining federal funds for that purpose.

LD 1457 An Act To Preserve Home Ownership in the State by Reducing the Property Tax Burden

ONTP

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

This bill amends the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, by:

1. Decreasing the threshold percentage at which 100% of the benefit is payable from 8% to 6%; and
2. Increasing the maximum benefit to \$3,000.

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LD 1458 An Act To Reduce the Income Tax Burden on Maine Residents

ONTP

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

This bill reduces the income tax burden on Maine residents by:

1. Reducing the top individual income tax rate from 8.5% to 7.8%; and
2. Increasing the low-income tax credit from \$2,000 to \$4,000 for individuals, married individuals filing separately and heads of households and to \$8,000 for married persons and surviving spouses filing joint returns.

This bill offsets the loss of income tax revenue by increasing the rate of the sales tax imposed on prepared food from 7% to 9% and on short-term lodging from 7% to 10%.

LD 1459 An Act Concerning Spending Caps

ONTP

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

This bill provides that the spending caps set in Public Law 2005, chapter 2 may be exceeded only by a 2/3 vote. Current law provides that these caps may be exceeded by a majority vote.

LD 1460 An Act To Allow Maine Residents To More Fully Depreciate Their Motor Vehicles

ONTP

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

This bill amends the excise tax rate schedule on motor vehicles. It lengthens the rate schedule from 6 to 8 years.

LD 1461 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>
SHERMAN	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.

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LD 1478 An Act To Reduce County Tax on Certain Municipalities

ONTP

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

This bill requires the county commissioners to reduce the amount of county tax apportioned to any municipality that supplies its own law enforcement by an amount equal to 33% of the budget for the municipality's law enforcement.

LD 1479 An Act To Clarify Responsibility for the Collection of Rental Taxes

ONTP

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

This bill specifies that only the owner of a hotel, rooming house or tourist camp or trailer camp in this State that is operated in the regular course of business or on a casual basis and at which rents are collected or received and the owner of living quarters that are rented for at least 15 days annually are required to register as a seller with the State Tax Assessor and collect and remit sales tax on those rents and not the manager of such properties as required under current law. This bill also specifies that only the owner of such rental property is responsible for the collection and remittance of the sales tax imposed on that rental property, retroactive to July 1, 2005, the effective date of the public law that required the tax to be imposed on casual rentals.

LD 1481 An Act To Provide Tax Relief to Middle-income Residents through the Maine Residents Property Tax Program

ONTP

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

This bill amends the Maine Residents Property Tax Program, also referred to as "the Circuitbreaker Program," by increasing the maximum benefit to \$4,000 from \$2,000.

LD 1482 An Act To Assist Recipients of Tax-exempt Income

ONTP

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

This bill allows a person who purchased a winning lottery ticket prior to January 1, 1987 and paid income taxes on those winnings to claim a refund of those taxes paid or a credit towards taxes due. A claim for a refund or credit must be filed prior to January 1, 2009.

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LD 1483 An Act To Exempt a Portion of Rental Income from Taxation

ONTP

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

This bill exempts from income tax up to \$2,000 in income from the rental of secondary property. This exemption does not apply to a person who rents out more than one property during the calendar year.

LD 1484 An Act To Fund Community Health Centers

**ACCEPTED ONTP
REPORT**

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

This bill establishes the Tobacco Tax Fund for Community Health by dedicating 1% of the cigarette tax to help community health centers in this State.

LD 1485 An Act Relating to Automotive Core Parts

ONTP

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

This bill provides that core vehicle parts are taxed under the sales and use tax laws based on the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade, except for transactions between dealers involving exchange of the property from inventory. Core vehicle parts are those components that when replaced are returned to the manufacturer to be rebuilt to original specifications and then used again.

LD 1486 An Act To Clarify the Property Tax Exemption for Family Burial Grounds

ONTP

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

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

LD 1494 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Reform Property Taxes by Limiting Increases

ONTP

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

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This resolution proposes to amend the Constitution of Maine to establish the base property value for real property as the just value of the property as of April 1, 2008. Increases in the value of real property are limited to the just value of any improvements or degradations to the property and the lower of the rate of inflation and the actual increase in value of the real property, unless there is a change of ownership. If there is a change of ownership, the value of the property may be changed to the higher of the actual purchase price and the just value of the property on the April 1st preceding the change in ownership.

LD 1504 An Act To Make Minor Substantive Changes to the Tax Laws

PUBLIC 437

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI	OTP-AM	H-550
		S-307 PERRY J

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

It amends the definition of "annual growth ceiling," which is used for purposes of state-municipal revenue sharing to determine the amount, if any, that must be transferred to the Disproportionate Tax Burden Fund, to correct the omission of this change when various taxable services were removed from the sales tax and placed in a newly created service provider tax.

It authorizes the State Tax Assessor to seek an injunction against a person who refuses to register, to file returns or to pay taxes under the service provider tax law as provided in the Maine Revised Statutes, Title 36, chapter 358.

It enacts penalties for failure to file an information return under the income tax law by partnerships and S corporations, if the partnership or S corporation has received a formal demand that the return be filed, and for filing substantially excessive refund claims under the fuel tax laws.

It expands the circumstances under which a person may be required to file a tax return electronically and make tax payments by electronic funds transfer, using a phased-in approach.

It expands and clarifies the eligibility of paraplegic veterans of certain war periods for a property tax exemption, making the eligibility periods of this exemption the same as those of the general veterans exemption.

It amends the definition of "eligible business equipment" by adding a reference to existing limitations.

It clarifies that a taxpayer who fails to timely file a report identifying the property that is claimed to be exempt may not obtain an exemption for that tax year for that property under the business equipment tax exemption laws, Title 36, chapter 105, subchapter 4-C.

It clarifies that bulk sales of inventory being held for sale or lease in the ordinary course of business are not casual sales.

It amends the definition of "retail sale" to clarify that sales of tangible personal property to a person who is not engaged in the business of selling that kind of property are not exempt sales for resale, even if the property is in fact subsequently resold through a 3rd-party retailer.

It provides authority for the State Tax Assessor to issue an assessment against an exempt organization that has authorized inappropriate use of its exemption.

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It eliminates a requirement that an insurance company must elect a basis for reporting and paying the insurance premium tax, and increases the threshold for quarterly filing of insurance premium tax returns from \$500 per year to \$1,000 per year.

It clarifies the definition of "telecommunications equipment" to include any wiring capable of transmitting or receiving telecommunications signals, regardless of the actual use of the wiring, consistent with past and present administrative practice. Current technology uses optical fiber, data wire and coaxial cable, all of which are capable of providing either one-way or 2-way transmission service. The ultimate use of the wiring is often unknown, uncertain or subject to change.

It eliminates the requirement that a declaration of value under the real estate transfer tax laws must be filed in duplicate, and authorizes the State Tax Assessor to establish by rule guidelines for waiving the requirement that the declaration of value must indicate the taxpayer identification numbers of the grantor and grantee. It also repeals an obsolete provision relating to deeds executed before the effective date of the tax.

It adds a specific requirement that estates must include in Maine adjusted gross income administrative expenses that were claimed as a deduction for Maine estate tax purposes.

It changes certain requirements relating to payee statements furnished with respect to income that is subject to Maine income tax withholding to make them consistent with federal law.

It amends the forest management planning income tax credit to require that forest land be located in this State in order to be eligible for the credit.

It establishes a penalty similar to that imposed by federal law for failure to furnish accurate and timely statements to payees with respect to income that is subject to Maine income tax withholding.

It makes specific the statutory references to eligible business equipment for which no claim may be made under the business equipment reimbursement program.

Committee Amendment "A" (H-550)

This amendment expands the authority of the State Tax Assessor, with the approval of the Commissioner of Administrative and Financial Services, to adopt a rule requiring the filing of returns or other documents and the payment of tax obligations, by electronic data submission. The phrase "or by telephone" is deleted as that term is included within the meaning of the phrase "electronic data submission."

This amendment provides additional clarification regarding the timeliness of requests for exemption under the business equipment tax exemption laws.

This amendment also provides additional clarification regarding the sales tax treatment of the sale of assets of a business in connection with the sale or liquidation of the business.

Senate Amendment "A" (S-307)

This amendment clarifies the provisions of the bill regarding the sales tax treatment of the sale of assets of a business and corrects a date.

Enacted Law Summary

Public Law 2007, chapter 437 was presented by the Department of Administrative and Financial Services, Bureau of Revenue Services and makes the following minor substantive changes to the laws governing taxation.

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It amends the definition of "annual growth ceiling," which is used for purposes of state-municipal revenue sharing to determine the amount, if any, that must be transferred to the Disproportionate Tax Burden Fund, to correct the omission of this change when various taxable services were removed from the sales tax and placed in a newly created service provider tax.

It authorizes the State Tax Assessor to seek an injunction against a person who refuses to register, to file returns or to pay taxes under the service provider tax law as provided in the Maine Revised Statutes, Title 36, chapter 358.

It enacts penalties for failure to file an information return under the income tax law by partnerships and S corporations, if the partnership or S corporation has received a formal demand that the return be filed, and for filing substantially excessive refund claims under the fuel tax laws.

It expands the circumstances under which a person may be required to file a tax return electronically and make tax payments by electronic funds transfer, using a phased-in approach.

It expands and clarifies the eligibility of paraplegic veterans of certain war periods for a property tax exemption, making the eligibility periods of this exemption the same as those of the general veterans' exemption.

It amends the definition of "eligible business equipment" by adding a reference to existing limitations.

It clarifies that a taxpayer who fails to timely file a report identifying the property that is claimed to be exempt may not obtain an exemption for that tax year for that property under the business equipment tax exemption laws, Title 36, chapter 105, subchapter 4-C.

It clarifies that bulk sales of inventory being held for sale or lease in the ordinary course of business are not casual sales.

It amends the definition of "retail sale" to clarify that sales of tangible personal property to a person who is not engaged in the business of selling that kind of property are not exempt sales for resale, even if the property is in fact subsequently resold through a 3rd-party retailer.

It provides authority for the State Tax Assessor to issue an assessment against an exempt organization that has authorized inappropriate use of its exemption.

It eliminates a requirement that an insurance company must elect a basis for reporting and paying the insurance premium tax, and increases the threshold for quarterly filing of insurance premium tax returns from \$500 per year to \$1,000 per year.

It clarifies the definition of "telecommunications equipment" to include any wiring capable of transmitting or receiving telecommunications signals, regardless of the actual use of the wiring, consistent with past and present administrative practice. Current technology uses optical fiber, data wire and coaxial cable, all of which are capable of providing either one-way or 2-way transmission service. The ultimate use of the wiring is often unknown, uncertain or subject to change.

It eliminates the requirement that a declaration of value under the real estate transfer tax laws must be filed in duplicate, and authorizes the State Tax Assessor to establish by rule guidelines for waiving the requirement that the declaration of value must indicate the taxpayer identification numbers of the grantor and grantee. It also repeals an obsolete provision relating to deeds executed before the effective date of the tax.

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It adds a specific requirement that estates must include in Maine adjusted gross income administrative expenses that were claimed as a deduction for Maine estate tax purposes.

It changes certain requirements relating to payee statements furnished with respect to income that is subject to Maine income tax withholding to make them consistent with federal law.

It amends the forest management planning income tax credit to require that forest land be located in this State in order to be eligible for the credit.

It establishes a penalty similar to that imposed by federal law for failure to furnish accurate and timely statements to payees with respect to income that is subject to Maine income tax withholding.

It makes specific the statutory references to eligible business equipment for which no claim may be made under the business equipment reimbursement program.

LD 1510 An Act To Provide an Income Tax Deduction for Health Insurance Premiums

ONTP

Sponsor(s)

SULLIVAN

Committee Report

ONTP

Amendments Adopted

This bill provides a deduction from income for premiums paid for health insurance.

LD 1518 An Act To Establish a Renewable Energy Tax Credit

ONTP

Sponsor(s)

BARTLETT

Committee Report

ONTP

Amendments Adopted

This bill provides a tax credit for a business engaged in the qualified business activity of manufacturing renewable energy products or biofuel or engaged in research and development in renewable energy equal to the income taxes otherwise due for 5 years and then 50% of the income taxes due for the next 5 years from when the business commences the qualified activity, similar to the credit given for Pine Tree Development Zone businesses.

LD 1529 An Act To Create a Scholarship Grant Organization Tax Credit

ONTP

Sponsor(s)

SHERMAN

Committee Report

ONTP

Amendments Adopted

This bill establishes an income tax credit for individuals who donate to school tuition organizations that provide grants or scholarships to private school students in kindergarten to grade 12 and to private preschools for children with disabilities.

The maximum amount of the credit is \$1,200 per year per child enrolled in a private school. School tuition

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organizations that receive such contributions are subject to reporting requirements. The credit is not available to a person who designates any part of the contribution for the direct benefit of a dependent of the person.

LD 1554 An Act To Assist Snowmobile Clubs with Local Property Taxes

ONTP

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

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

This bill proposes to permit a municipality to compensate a snowmobile club subject to property tax for the public benefits provided by the club to the municipality.

LD 1555 An Act To Remove the Tax-exempt Status on Land Purchased by Nonprofit Groups for Conservation

ONTP

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

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

This bill proposes to repeal the property tax exemption for certain land if the land is purchased by a nonprofit organization for conservation or preservation purposes and the owner restricts public access to the land for recreational purposes such as hiking, camping, hunting, trapping, fishing or snowmobiling. The bill would apply to land purchased in blocks of 100 or more acres either as a single parcel or in an aggregate of contiguous acres. The bill also proposes to remove such land from eligibility for current use valuation under the Maine Tree Growth Tax Law unless the land is maintained for commercial production.

LD 1556 An Act To Recouple Maine Estate Tax with Federal Estate Tax

CARRIED OVER

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

This bill amends the Maine estate tax to conform to the federal estate tax, beginning January 1, 2007.

This bill was carried over to any special or regular session of the 123rd Legislature by join order, H.P. 1369.

LD 1557 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Cap the Property Tax on the Primary Residence of a Person 65 Years of Age or Older

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require municipalities to cap property taxes on property owned and occupied as a person's primary residence if that

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person is at least 65 years of age. The tax would be stabilized at the amount assessed on the property on the later of the date by which the person attained 65 years of age or purchased the property. Upon transfer of the property to someone other than a family member of the owner, the property would assume the just value at the time of transfer.

**LD 1558 An Act To Improve the Process for Adjustment for Sudden and Severe
Disruption of Valuation**

PUBLIC 322

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY	OTP-AM	H-360

This bill changes the procedures for providing relief to municipalities that have experienced a sudden and severe loss of taxable valuation attributable to a single property taxpayer. The procedures in current law have become outdated because of recent changes to the school funding formula and are not flexible enough to deal with the variety of situations presented. The bill replaces the current procedures for adjustment of state valuation by permitting municipalities to apply to the State Tax Assessor for a determination at any time and requiring the State Tax Assessor to determine not only the amount of the adjustment but also the appropriate time period to which the adjustment should apply. The bill affects distributions for general purpose aid for local schools and state-municipal revenue sharing. The bill provides that funds needed to relieve affected municipalities will be paid from the Maine Budget Stabilization Fund rather than risking reductions in distributions to other municipalities.

Committee Amendment "A" (H-360)

This amendment adds a requirement that the State Tax Assessor provide an annual report to the joint standing committee of the Legislature having jurisdiction over taxation matters containing information regarding requests for adjustment to equalized valuation.

Enacted Law Summary

Public Law 2007, chapter 322 changes the procedures for providing relief to municipalities that have experienced a sudden and severe loss of taxable valuation attributable to a single property taxpayer. Chapter 322 replaces the current outdated procedures for adjustment of state valuation by permitting municipalities to apply to the State Tax Assessor for a determination at any time and requiring the State Tax Assessor to determine not only the amount of the adjustment but also the appropriate time period to which the adjustment should apply. Distributions for general purpose aid for local schools and state-municipal revenue sharing are affected, and adjustments are made using funds from the Maine Budget Stabilization Fund rather than risking reductions in distributions to other municipalities. The State Tax Assessor is required to report annually on requests for adjustments using the authorized procedure.

**LD 1559 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Freeze Property Tax Bills for Certain Residents 65 Years of Age or
Older**

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to prohibit municipalities from increasing the taxes imposed on property owned by a person who is at least 65 years of age who has occupied that property for at least 10 years as that person's primary residence.

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LD 1560 An Act To Rebalance Maine's Tax Code

ONTP

Sponsor(s)

BLISS

Committee Report

ONTP

Amendments Adopted

This bill makes major changes to Maine's tax structure beginning January 1, 2008.

Part A increases the low-income tax credit under the income tax by increasing the threshold of taxable income below which no taxes are due from \$2,000 to \$4,000 for single individuals and married persons filing separately, \$6,000 for persons filing as heads of households and \$8,000 for persons filing married joint returns.

Part B conforms the standard deduction under the income tax to the federal standard deduction beginning with the 2008 tax year, thereby eliminating the marriage penalty.

Part C conforms the personal exemption under the income tax to the same amount as the federal personal exemption.

Part D lowers the top income tax rate from 8.5% to 8.25% for the 2008 tax year.

Part E increases state reimbursement for the homestead exemption to 100% of municipal property taxes lost as a result of the exemption beginning in 2008.

Part F increases the maximum benefit under the Maine Residents Property Tax program from \$2,000 to \$3,000 and increases to \$5,000 the maximum amount of property tax that may be used to calculate benefits.

Part G expands the tax base under the sales tax by repealing sales tax exemptions for packaging materials, ships' stores, railroad track materials and certain short-term rentals and by extending the sales tax to amusements, personal services, personal property services, home care services, real property services, lawn and landscaping services, taxi, limousine and same day courier services, telephone directory advertising and safe deposit box rental. This Part also reinstates the sales tax on snack foods and extends the service provider tax to basic cable and satellite television and radio service and to consumer interstate telephone calls.

Part H increases the sales tax on meals and lodging, liquor serviced at licensed establishments and prepared food from 7% to 8% and increases the sales tax on short-term rentals of automobiles from 10% to 15%.

Part I increases the excise tax on malt liquor from 25¢ per gallon to 60¢ per gallon, on wine from 30¢ per gallon to \$1 per gallon and on hard cider from 25¢ per gallon to \$1 per gallon.

Part J establishes a tax on the distribution, manufacture and wholesale of soft drinks and soft drink products.

Part K changes the rate structure for the real estate transfer tax to provide that a transferor of the property must pay a transfer tax starting at \$1 per \$1,000 of value of the property for property valued at less than \$100,000, increasing to \$7 per \$1,000 of value for real estate with a value exceeding \$1,000,000. The revenue from the portion of the tax received to the State and attributable to transfers by deed tax is credited 65% to the General Fund and 35% to the Housing Opportunities for Maine Fund.

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LD 1571 An Act To Clarify the Tax Credit for Pollution-reducing Boilers **ONTP**

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

This bill amends the income tax credit for pollution-reducing boilers to specify that corn pellets or kernels are included as organic material that may be burned to produce energy and qualify for the credit. This bill also repeals the law providing a sunset date of December 31, 2009 for the expiration of the credit.

LD 1578 An Act To Encourage Municipal Cooperation **ONTP**

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

This bill exempts from the property tax municipal property located in another municipality and the property of a regional council formed by 2 or more municipalities.

LD 1579 An Act To Increase Fairness in Municipal Spending Caps **ONTP**

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

This bill amends the municipal spending cap laws to exempt bond payments made by municipalities for state or federally mandated public improvement projects.

LD 1580 An Act To Allow Tree Growth Land Transfer to Family Members **ONTP**

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

This bill allows a 5-acre or smaller plot of land to be withdrawn from taxation under the Maine Tree Growth Tax Law and transferred once to a family member without penalty for withdrawal.

LD 1581 An Act To Promote Economic Recovery in Maine **ONTP**

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

This bill changes the State's tax burden goal for 2015 to be at or below the median for all states and requires that the calculation of the State's state and local tax burden relative to other states be based solely on Maine's state and local tax collections without adjustments by the State Tax Assessor for the State's unique expenditure

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tax relief programs. The bill also requires the Governor to include in the biennial budget document a detailed financial plan that calculates a target percentage and the legislative changes required to achieve Maine's state and local tax burden goal.

This bill also adjusts the spending limits enacted by Public Law 2005, chapter 2 to require the State's state and local tax burden to be at or below the median of all states, rather than within the middle 1/3 of states, before the growth limitation factor for the state, municipal, county and school district spending limits are changed. See also LD 395.

LD 1582 An Act Reduce Maine's Tax Burden over a 10-year Period

CARRIED OVER

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

This bill puts in place a 10-year plan to reduce Maine's tax burden by establishing a statewide tax burden reduction factor that would gradually lower taxes over time. The bill also defines procedures necessary to override the tax burden reduction limits imposed in the 10-year plan. The changes proposed by this bill are subject to approval by the voters at a referendum vote in November 2007.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1584 An Act To Authorize Arbitration of Property Tax Valuation Disputes

CARRIED OVER

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

This bill allows a property owner appealing a property assessment to submit the decision of a local board of assessment review to binding arbitration and specifies the procedure for selecting a neutral arbitrator and participating in binding arbitration. A decision to submit to binding arbitration stays a municipality's appeal to the Superior Court.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order H.P. 1369.

LD 1588 An Act To Enact the 2007 Tax Reform and Tax Relief Act

ONTP

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

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

This bill proposes to enact the 2007 Tax Reform and Tax Relief Act to bring together 3 major categories of tax reform and tax relief into a comprehensive package that would be sent to referendum for voter ratification. The major components are:

1. Ten-Year Tax Burden Reduction Plan. The first part of the bill draws on aspects of the so-called "Taxpayer Bill of Rights," and the so-called "LD 1," and establishes a statewide tax burden reduction factor, applied

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uniformly to all levels of government. The tax burden reduction limitations would restrict government spending to a rate of growth below the growth rate of personal income in Maine, thereby lowering Maine's tax burden over a 10-year period.

2. Financial Incentives for Administrative Efficiency and Tax Burden Reduction. The 2nd part of the bill creates financial incentives for administering schools and municipalities through service-delivery areas of a sufficient size to obtain cost efficiencies. It puts into law a very strong incentive-based approach to consolidated service delivery, rather than imposing a statewide mandate on municipal decision-making. The remaining 5% of the State's General Purpose Aid, or "GPA," school funding obligation that is scheduled to be added to the GPA funding formula by FY2009 would be distributed to school districts, based on a set of "efficiency points" awarded to districts that achieve school consolidation and tax burden reduction targets. A similar set-aside would be created with new state funding to municipalities, awarded through an "efficiency point" system, and allocated among municipalities that achieve service-sharing efficiencies and tax burden reduction targets at the municipal level.

3. Income Tax Reduction to 4% of Income. Through a rebalancing of income and sales taxes, the elimination of many exemptions and deductions from both the income and sales tax systems and an increase in various sales and excise tax rates, the 3rd part of the bill would reduce the income tax rates to a flat 4% of income. An earned income tax credit for low-income and middle-income workers would assure that a major income group would not pay more in taxes than they pay under current law.

4. Homestead Property Taxes Capped at 5% of Income. The 4th part of the bill proposes to integrate the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, and the Maine resident homestead property tax exemption program into an expanded and redefined Homestead Tax Credit Program. The amount of the tax credit would be determined based on a formula that equates to an income-based tax cap of 5% of income. As a simplification of the current Circuitbreaker Program, the new benefit formula would be based on "adjusted gross income," rather than the more complicated definition of income currently applied for Circuitbreaker Program benefits and would be distributed to municipalities as a pre-payment toward the tax assessment on homestead property so that the net tax bill imposed on homeowners is reduced accordingly.

LD 1597 An Act Regarding the Service Provider Tax

ONTP

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

This bill removes the installation, maintenance and repair of telecommunications equipment from the service provider tax.

LD 1601 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Create a Longtime Resident Tax Cap Program

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to create a program for real property owned and occupied as a person's primary residence for at least 10 years. Property would receive a fixed assessment equal to the tax assessment in effect at the time the property was enrolled in the program. If the property was transferred, penalties would apply.

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**LD 1602 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Reduce Homestead Property Taxes**

ONTP

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

This constitutional resolution proposes 3 changes to the Constitution of Maine and provides that each change must be presented as a separate and independent questions to the voters.

Part A of this resolution proposes to amend the Constitution of Maine to allow the Legislature to authorize a local option homestead property tax exemption.

Part B of this resolution proposes to amend the Constitution of Maine to allow the Legislature to authorize a local option property tax refund or tax forgiveness program based on a resident's ability to pay.

Part C of this resolution proposes to amend the Constitution of Maine to allow the Legislature to permit or require municipalities to adopt a tax rate on secondary residential property that is higher than the rate on other property, provided that the rate on the secondary residential property does not exceed the statewide average rate applied to other taxable property.

LD 1610 An Act To Preserve Manufacturing in Maine

ONTP

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

This bill extends the property tax exemption for eligible business equipment to qualified property used in manufacturing that was first subject to property tax in Maine before the start of the Business Equipment Tax Reimbursement program.

**LD 1613 An Act To Reduce Property Taxes through a Municipal Tax Deferral
Program**

ONTP

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

This bill creates a municipal homestead property tax deferral program to defer indefinitely property taxes levied on the assessed value of a homestead above a base amount. Taxes that would be assessed on the property above this base value are deferred until the sale or transfer of the property to someone other than a family member or trust. When the property is sold or transferred or is no longer the homestead of the owner or, in the case of a trailer or houseboat, moved out of the State, the amount of the deferred property taxes for the last 3 years or since the last transfer or sale, whichever period is shorter, must be paid.

The program allows a spouse or other family member, such as a parent, sibling, child or grandchild, to continue the deferral as long as the spouse or other family member uses the property as a homestead. During the period of property tax deferral, the municipality holds a lien on the property against the deferred amount of property taxes.

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LD 1631 An Act To Cut Taxes for Working-income Mainers

ONTP

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

Part A exempts certain motor vehicles from the excise tax in the 6th and succeeding model years based on the manufacturer's estimated highway mileage.

Part B increases the lodging tax by 3% to 10%, the tax on liquor sold by the glass by 7% to 14% and the tax on certain automobile rentals by 5% to 15%.

Part C increases the low-income tax credit under the income tax by increasing the threshold of taxable income below which no taxes are due from \$2,000 to \$4,000 for single individuals and married persons filing separately, \$6,000 for persons filing as heads of households and \$8,000 for persons filing married joint returns.

Part D conforms the standard deduction under the income tax to the federal standard deduction beginning with the 2007 tax year, thereby eliminating the marriage penalty.

Part E conforms the personal exemption under the income tax to the same amount as the federal personal exemption.

Part F lowers the top income tax rate from 8.5% to 8.25% for the 2007 tax year.

Part G increases the maximum benefit under the Maine Residents Property Tax Program from \$2,000 to \$3,000 and increases to \$6,000 the maximum amount of property tax that may be used to calculate benefits.

Part H expands the tax base under the sales tax by repealing sales tax exemptions for packaging materials, ships' stores, certain vending machine sales, railroad track materials and certain short-term rentals and by extending the sales tax to amusements, personal services, personal property services, real property services, lawn and landscaping services, taxi, limousine and same-day courier services, telephone directory advertising and safe deposit box rental. This Part also reinstates the sales tax on snack foods and extends the service provider tax to basic cable and satellite television and radio service.

Part I increases the excise tax on malt liquor produced by small manufacturers from 25¢ per gallon to 60¢ per gallon, the excise tax on malt liquor produced by other manufacturers from 25¢ to 85¢ per gallon, on wine from 30¢ per gallon to \$1 per gallon and on hard cider from 25¢ per gallon to \$1 per gallon.

Part J establishes a tax on the distribution, manufacture and wholesale of soft drinks and soft drink products.

Part K changes the rate structure for the real estate transfer tax to provide that a transferor of the property must pay a transfer tax starting at \$1 per \$1,000 of value of the property for property valued at less than \$100,000, increasing to \$7 per \$1,000 of value for real estate with a value exceeding \$1,000,000. The revenue from the portion of the tax received by the State and attributable to transfers by deed tax is credited 65% to the General Fund and 35% to the Housing Opportunities for Maine Fund.

Part L provides General Fund appropriations to reimburse municipalities for the revenue loss associated with the change in motor vehicle excise taxes.

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LD 1632 An Act To Impose Reasonable Limits on the Growth of State Government

**ACCEPTED ONTP
REPORT**

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

This bill is the so-called "Taxpayer Bill of Rights" or "TABOR" that was sent to referendum in November 2006, except that the restrictions imposed by TABOR on county, municipal or school governmental units have been removed in this bill. The bill proposes to restrain the growth in State Government by imposing expenditure limitations on State Government and by requiring a procedure of voter approval of tax and fee increases. Under this bill, growth in annual expenditures of the General Fund, the Highway Fund, quasi-governmental organizations and Other Special Revenue Funds are limited according to increases in population and inflation. Growth in budgets of state-level education institutions is limited according to increases in inflation and student enrollment. For the General Fund and Highway Fund budgets, revenues exceeding the expenditure limitation must be distributed by directing 20% of that excess to a budget stabilization fund and 80% of that excess to a tax relief fund. The budget stabilization funds may be used only in years when revenues are not sufficient to fund the level of expenditure permitted by the growth limits. The tax relief funds must be used to provide tax relief through refunds proportional to individual income tax personal exemptions claimed in the previous tax year or a decrease in motor fuels taxes. For quasi-governmental agencies and state agencies that manage Other Special Revenue Funds, the managers of those funds must report excess surpluses to the Legislature with a plan for refund of those revenues. Under this bill, an increase in revenue would be possible only by a 2/3 vote of each House of the Legislature and the approval of the voters of the State, if applicable.

Committee Amendment "A" (H-613)

This amendment incorporates a fiscal note.

LD 1633 An Act To Provide a Sales Tax Exemption for College Textbooks

ONTP

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

This bill provides a sales tax exemption for textbooks sold at colleges and universities.

LD 1645 An Act To Clarify That Certain Separately Itemized Charges Are Subject to the Sales Tax on the Rental of Motor Vehicles

PUBLIC 444

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MOORE G	ONTP MAJ OTP-AM MIN	H-510 H-606 PIOTTI

This bill clarifies that separately itemized charges to recover title fees, registration fees, local excise tax and agent fees are subject to the sales tax on the rental of motor vehicles.

Committee Amendment "A" (H-510)

This amendment clarifies that the value of a motor vehicle rental for a period of less than one year is the total rental

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charged to the lessee and includes maintenance and service contract fees, drop-off or pick-up fees, airport surcharges and mileage fees.

House Amendment "A" (H-606)

This amendment requires car rental companies to provide the total cost of the car rental, including all fees, to the lessee at the time an estimated quote is provided.

Enacted Law Summary

Public Law 2007, chapter 444 clarifies that separately itemized charges to recover title fees, maintenance and service fees, drop-off and pick-up fees, airport surcharges and mileage fees, registration fees, local excise tax and agent fees are subject to the sales tax on the rental of motor vehicles for a period of less than one year. Car rental companies are required to provide the total cost of the car rental, including all fees, to the lessee at the time an estimated quote is provided.

LD 1646 RESOLUTION, Proposing an Amendment to the Constitution of Maine ONTP
To Provide Property Tax Relief to the Elderly and Disabled

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require municipalities to limit tax increases on property owned and occupied for at least 5 years as a person's primary residence if that person is at least 60 years of age or that person is disabled and receiving federal assistance due to the disability. The amount of the tax increase would be limited to the rate of inflation. Upon transfer of the property to someone other than a family member of the owner, the property would assume the just value at the time of transfer.

LD 1647 RESOLUTION, Proposing an Amendment to the Constitution of Maine ONTP
To Reduce Taxes for Affordable Housing

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

This resolution proposes to amend the Constitution of Maine to provide for a 50% reduction in the valuation of affordable housing for purposes of property taxation. Affordable housing is defined as residential housing financed by a state or federal agency that assists low-income individuals in obtaining housing and that contains at least 6 rental units or residential housing that has at least 20% of its units set aside for households with income at or below 80% of the median income for the county in which the residential housing is located.

LD 1648 An Act To Exempt Housing Owned by Nonprofit Organizations for DIED BETWEEN
People with Disabilities from the Municipal Service Fee Laws HOUSES

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

This bill clarifies that property that is owned by a nonprofit organization that provides residential rental housing to persons with physical or mental disabilities is exempt from municipal property tax. This bill also exempts such

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property from the ability of municipalities to levy charges on certain tax exempt property for the provision of services such as fire and police protection and water and sewer service.

Committee Amendment "A" (H-171)

This amendment narrows the scope of the bill by deleting the provision affecting converted residential housing and clarifying the provision providing an exception to municipal service charge authority for residential property owned by a nonprofit organization and used to provide housing and services to persons with certain disabilities.

LD 1649 An Act To Establish a Local Option Real Estate Transfer Tax for Homestead Tax Relief

ONTP

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

This bill does the following:

Part A allows a municipality, by referendum, to establish a local option real estate transfer tax of up to 2% on the transfer of single family homes. The revenue must be used to fund:

1. A local option circuitbreaker program;
2. A local option homestead property tax exemption program; or
3. The portion of the state homestead property tax exemption program that is not funded by the State; currently 50% of the property tax revenues lost as a result of the State homestead property tax exemption are not funded by the State.

Part B allows a municipality to adopt a local option homestead property tax exemption program.

LD 1652 An Act To Support County Corrections and Public Education

ONTP

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

Part A affects the imposition of sales tax by expanding the definition of "taxable service" for purposes of the imposition of sales tax to include amusement, recreational and personal services and consumer purchases of transportation services and professional, club or fraternal memberships and repeals certain sales tax exemptions.

Part B dedicates the revenue generated by Part A to reduce property taxes by providing funding for education, county corrections and regional capital improvement.

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LD 1664 An Act To Exempt Vegetable Seeds from the Sales Tax

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAREAN	OTP-AM	H-308

This bill exempts from sales tax all vegetable seeds and fertilizer used noncommercially to produce an agricultural crop intended for human consumption.

Committee Amendment "A" (H-308)

This amendment eliminates from the bill the proposed sales tax exemption for fertilizer used in the noncommercial production of food crops.

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

**LD 1665 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Limit the Rate of Change in the Property Tax Liability of Elderly
Maine Residents**

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require municipalities to limit tax increases on property up to 2 acres in size owned and occupied as a person's primary residence if that person is at least 59 1/2 years of age. The amount of the tax increase would be limited to the rate of inflation. Upon transfer of the property to someone other than the spouse of the owner or a change in use, the property taxes not paid for the 5 years prior to the transfer or change in use due to this tax increase limitation would be required to be paid to the municipality and the property would assume the just value in effect at the time of transfer or change in use.

LD 1670 An Act To Promote Tax Fairness

ONTP

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

This bill amends Maine tax law in the following ways.

Part A amends the Maine Residents Property Tax Program, also known as the Circuitbreaker Program, by allowing an individual to apply for a benefit using the individual income tax form.

Part B also amends the Circuitbreaker Program to increase the maximum refund under the program from \$2,000 to \$3,000.

Part C amends the Circuitbreaker Program, by allowing certain homeowners who rent their homesteads for a maximum of 30 days in the aggregate during the year to qualify for benefits under the program and prorating

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benefits to reflect the rental period.

Part D increases the amount of the exemption under the Maine resident homestead property tax exemption program from \$13,000 to \$20,000 and increases the State reimbursement to 72.5% of the municipal property taxes lost as a result of the exemption, beginning in 2008.

Part E decreases the top income tax rate, beginning with tax year 2008, from 8.5% to 7.9%.

Part F increases the earned income credit from 5% of the federal credit to 25% and makes it refundable.

Part G increases the general sales tax rate from 5% to 6%, effective January 1, 2008.

Part H sends the proposals in this bill out to referendum to be voted on in November 2007.

LD 1671 An Act To Limit Homestead Property Taxes to 5% of Income

ONTP

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

This bill proposes a homestead tax credit program that would limit property taxes to no more than 5% of income for property taxes on a home. The homestead tax credit is distributed to municipalities as a prepayment toward the tax assessment on homestead property so that the net tax bill imposed on homeowners is reduced accordingly. The homestead tax credit program replaces the Maine Residents Property Tax Program, the Maine Resident Homestead Property Tax Exemption and the state-municipal revenue sharing program and redirects funds previously allocated to those programs to support the cost of the homestead credits.

Administration of the program is simplified and made concurrent with the income tax filing period. For homeowners, credits are calculated based on the previous year's income and property taxes accrued. Credit payments are made to the municipality where the home is located as a credit against the current year's property taxes. Renters are also eligible for a credit in an amount comparable to the benefit available under current law, which would be paid as a refundable income tax credit. Benefits in current law for low-income elderly persons are preserved.

To prevent the homestead tax credit from translating into increased spending at the municipal level, the bill would redefine and make it harder to override the spending limits on municipal, county and school government units. It would incorporate tax burden reduction factors into the spending limits imposed on government at all levels, and it would change the override process for exceeding county, municipal and school growth limits to require either a 2/3 vote of the local body proposing the increase or approval by the voters at referendum.

The changes proposed by this bill are subject to approval by the voters at a referendum vote in November of 2007.

LD 1707 Resolve, Directing the Bureau of Revenue Services To Convene a Study Group on Excise Tax Enforcement

RESOLVE 113

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WHEELER	OTP-AM	H-526

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This bill requires municipalities to enforce the excise tax laws against residents of the municipalities that register their motor vehicles, aircraft or watercraft outside of the State to avoid the State's excise tax laws.

Committee Amendment "A" (H-526)

This amendment replaces the bill and directs the Department of Administrative and Financial Services, Bureau of Revenue Services to convene a study group to identify strategies to decrease evasion of motor vehicle and watercraft excise taxes and report to the Joint Standing Committee on Taxation by January 15, 2008.

Enacted Law Summary

Resolve 2007, chapter 113 directs the Department of Administrative and Financial Services, Bureau of Revenue Services to convene a study group to identify strategies to decrease evasion of motor vehicle and watercraft excise taxes and report to the Joint Standing Committee on Taxation by January 15, 2008.

LD 1708 An Act To Exempt Persons 65 Years of Age or Older Whose Income Is Below the Poverty Line from Paying Property Taxes on Their Homes **ONTP**

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

This bill provides an exemption from residential property taxes for the home of a person who is 65 years of age or older and whose income is below poverty thresholds.

LD 1710 An Act To Promote Fairness in Municipal Foreclosure Procedures **ONTP**

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

This bill requires a municipality that forecloses on a property tax lien to provide notice of the availability of excess funds, after subtracting the tax lien, interest, fees for recording the lien, costs of mailing notice, court costs and any other expenses incurred in disposing of the real estate, to the former owner within 30 days of sale of the real estate or 180 days of the foreclosure, whichever is sooner. The municipality is required to keep the excess funds in a segregated escrow account. If the former owner fails to claim the excess funds within 90 days of the notice, the municipality is allowed to retain the excess funds. If the former owner or the former owner's representative notifies the municipality within 90 days of the notice, the municipality must negotiate with the former owner over the return of the excess funds. If the owner is dissatisfied with the municipality's offer, the former owner may seek binding arbitration for resolution of the matter.

LD 1711 An Act To Reduce the Capital Gains Tax **ONTP**

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

This bill removes a portion of net positive long-term capital gains for the purposes of calculating taxable income. This bill also increases the cigarette tax by \$1.00 per pack, increases the tobacco products tax on smokeless tobacco from 78% to 117% of the wholesale sales price and increases the tax on other tobacco products from 20% to 30% of the wholesale sales price.

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LD 1712 An Act To Amend the Amount of the Child Care Tax Credit

ONTP

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

This bill increases the income tax credit for child care expenses to 100% of the credit allowed under federal law and proposes to remove the \$500 cap on the amount of the refund.

LD 1725 An Act To Modernize the Alcohol Tax by Imposing It on a Per Drink Basis

CARRIED OVER

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

This bill adjusts alcohol premium taxes on beer, wine, sparkling wine, fortified wine, hard cider and low-alcohol spirits products by establishing a uniform tax intended to equal 10¢ per drink. To accomplish this, the bill raises the premium tax on beer, hard cider and wine and reduces the premium tax on low-alcohol spirits products. This bill will significantly increase revenues for the prevention fund. Taxes on distilled spirits are unaffected by the bill.

The bill increases the premium tax on beer and hard cider from 10¢ per gallon to 82¢ per gallon. The premium tax on table wines increases from 30¢ per gallon to \$2.26 per gallon. The premium tax on fortified wines and sparkling wines increases from 24¢ to \$1.56 per gallon.

The bill indexes both the excise tax and the premium tax to inflation beginning in 2008. This provision will result in modest increases to both the General Fund and the prevention fund.

This bill also directs that increased premium tax revenues be used for substance abuse treatment and prevention programs, after-school programs and property tax relief, the latter by offsetting the cost of local law and liquor enforcement programs.

The bill establishes an effective date of January 1, 2008.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1731 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Tax Nonprimary Residences at a Higher Rate

ONTP

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

This resolution amends the Constitution of Maine to allow a municipality to impose a greater assessment of property taxes on real property that has an assessed value of more than \$500,000 and that is not occupied as the primary residence by the owner of that property. The threshold amount of \$500,000 would be adjusted annually to reflect the cost of living, as published in a federal publication.

Joint Standing Committee on Taxation

**LD 1732 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Establish a Surtax on Property with a Value over \$400,000**

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to allow municipalities to impose a property tax surcharge on real residential property with a valuation of more than \$400,000. The surcharge would be imposed only on that portion of the value of the property that exceeds \$400,000. The owner of the property would be entitled to a credit in the amount of the surcharge against Maine income taxes due.

LD 1739 An Act Concerning Technical Changes to the Tax Laws

PUBLIC 438

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI	OTP-AM	H-591

This bill is submitted on behalf of the Bureau of Revenue Services and makes the following technical changes to the laws governing taxation.

1. It repeals a provision that authorizes the State Tax Assessor to subtract from revenues credit card fees associated with income tax returns filed by telephone. Maine's income tax Telefile system has been discontinued.
2. It replaces the imprecise term "report" with the defined term "return" throughout the tax laws.
3. It authorizes a 120-day extension of the time allowed for filing a return after the taxpayer has received a formal demand for filing. The Department of Administrative and Financial Services, Bureau of Revenue Services has been administratively granting such extensions.
4. It provides clear statutory authority for the State Tax Assessor to disclose the fact that a person has or has not been issued a certificate of exemption under the sales tax law or the service provider tax law. The bureau has administratively interpreted existing law to authorize these disclosures.
5. It replaces an obsolete reference to the Bureau of Property Taxation, which was merged into the Bureau of Taxation, now the Bureau of Revenue Services, a number of years ago.
6. It clarifies that all owners of property proposed for tree growth classification must consent to the application in writing.
7. It repeals an obsolete provision that related to valuation of tree growth property for taxable years prior to April 1, 1983.
8. It repeals obsolete language relating to the computation of tree growth reimbursements and authorizes the State Tax Assessor to adopt rules governing the assessment of tree growth land and the computation of reimbursements.

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9. It repeals obsolete provisions relating to the administration of changes to the Maine Tree Growth Tax Law that were enacted in 1981 and corrects an erroneous reference.
10. It replaces obsolete terminology, corrects cross-references and clarifies the definition of "nonprofit."
11. It clarifies certain deadlines relating to the certification of pollution control facilities for property tax exemption.
12. It clarifies the deadline for filing an application for a homestead property tax exemption and repeals an obsolete provision that governed program applications for the 1998 tax year.
13. It makes technical changes to the business equipment tax exemption law enacted in 2006.
14. It clarifies that all owners of property proposed for farm and open space classification must consent to the application in writing and repeals obsolete language.
15. It clarifies the deadlines for notifying the landowner of the status of an application for classification of land under the farm and open space law and for reporting income from farmland under the farm and open space law, corrects a cross-reference and reallocates a paragraph into the subsection to which the paragraph's subject matter relates.
16. It repeals an obsolete statute that provided for transfers to the Unorganized Territory Education and Services Fund in fiscal years 1985 to 1990.
17. It replaces the word "primary" with "elementary" in the definition of "school" to match the term that is defined and used in other Maine statutes pertaining to schools.
18. It repeals a superfluous provision relating to determinations of residency under the sales and use tax law.
19. It eliminates redundant language.
20. It clarifies exemptions for certain sales of residential fuel and electricity.
21. It repeals an obsolete provision relating to the administration of changes that were enacted in 1989 in the sales tax exemption for continuous residence in a hotel, rooming house, tourist camp or trailer camp.
22. It simplifies and clarifies existing law providing that certain sales tax exemptions for vehicles purchased by nonresidents are not limited to natural persons.
23. It clarifies existing law providing that certain sales tax exemptions for items purchased by nonresidents are limited to natural persons.
24. It clarifies the sales and use tax exemption for water and air pollution control facilities by including chemicals and supplies for certified facilities within the scope of the exemption. The bureau currently treats these items as exempt based on a 1994 court decision.
25. It clarifies the exemption for sales of residential water.
26. It clarifies an existing sales tax exemption for property used in production.

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27. It relocates an existing sales and use tax exemption for certain sales of electricity or water to the section that provides for exemptions.
28. It repeals a statute that imposes criminal penalties for violation of unspecified laws.
29. It repeals the solid waste reduction investment tax credit in the insurance premium tax law. The credit is no longer available.
30. It corrects the name of the state agency that licenses private nonmedical institutions to reflect legislation effective July 1, 2004 that combined and reorganized the former Department of Human Services and the former Department of Behavioral and Developmental Services.
31. It clarifies that certain separately stated transportation charges are excluded from the sale price under the service provider tax law on the same basis as under the sales and use tax law.
32. It adds a specific exemption for purchases of fabrication services to print advertising or promotional materials for the purpose of subsequently transporting those materials outside the State for use by the purchaser thereafter solely outside the State. This is the administrative position taken by the bureau.
33. It clarifies that the basis of reporting for purposes of the gasoline tax is actual measured gallonage, without any adjustment for temperature or barometric pressure variations.
34. It adds a definition of "retail dealer" to the gasoline tax law in order to clarify the type of transaction that qualifies for a retail shrinkage refund under the Maine Revised Statutes, Title 36, section 2906, subsection 4.
35. It clarifies that when gasoline is placed in a retail tank it is deemed to have been sold for purposes of the gasoline tax law. This is longstanding administrative policy of the bureau.
36. It clarifies that gasoline tax refunds to a retail dealer based on shrinkage or loss by evaporation are based on purchases of gasoline delivered to the dealer's tanks and actually sold from those tanks, rather than on the total gross purchases made during the year.
37. It eliminates a reference to a "monthly" refund claim for fuel used in commercial uses since there is no requirement that the claims be filed monthly.
38. It repeals the requirement that original invoices must be submitted with refund claims for gasoline tax paid on fuel used in locally encouraged vehicles. This requirement has not been enforced for several years. It also eliminates the requirement that refund claims must be filed quarterly. By administrative policy they may be filed for any open period.
39. It adds a specific provision to clarify that gasoline tax refunds for fuel used in aircraft are reduced by the amount of Maine use tax due on the fuel. This is consistent with longstanding administrative practice of the bureau.
40. It eliminates an obsolete cross-reference to the affidavit prescribed for registered sellers in Title 36, section 3205. Title 36, section 3205 no longer contains any reference to an affidavit.
41. It repeals statutes that formerly governed taxation of fuel consumed by interstate buses. This tax is now reported under the International Fuel Tax Agreement.

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42. It clarifies that distillates delivered to a consumer or a retail outlet, whether or not "on consignment," are deemed to have been sold for purposes of the special fuel tax. This is longstanding administrative policy of the bureau.

43. It clarifies that propane shrinkage allowances must be calculated on an annual basis. This is current administrative policy of the bureau.

44. It limits the exemption for sales of special fuel to the State and its political subdivisions to bulk sales. Because of the way the tax is imposed it is not practical to make exempt sales at the pump. Governmental entities may apply for a refund of the tax paid on those sales.

45. It removes obsolete and redundant language relating to refund applications by special fuel users.

46. It eliminates the requirement that original invoices must be submitted with refund claims for special fuel tax paid by political subdivisions. This requirement has not been enforced for several years. It also repeals an obsolete provision that governed refunds of tax paid before April of 1986.

47. It clarifies the administration of the special fuel tax.

48. It eliminates the requirement that original invoices must be submitted with refund claims for special fuel tax paid on fuel used in locally encouraged vehicles. This requirement has not been enforced for several years. It also eliminates the requirement that refund claims must be filed quarterly. By administrative policy they may be filed for any open period.

49. It eliminates the requirement that original invoices must be submitted with refund claims for special fuel tax paid on fuel used off-highway. This requirement has not been enforced for several years. It also eliminates a reference to a "monthly" refund claim since there is no requirement that the claims be filed monthly.

50. It repeals the definition of "dealer" from the cigarette tax law. There is no longer any distinction between dealers and distributors.

51. It clarifies the cigarette tax law by replacing references to "license holder" with the defined term "distributor."

52. It repeals superfluous criminal provisions and clarifies an ambiguous statute prohibiting sale and reuse of cigarette stamps.

53. It repeals obsolete provisions setting discount rates for cigarette stamps that are no longer in effect.

54. It prohibits the return of partial rolls of cigarette stamps for credit unless the person is ceasing business as a distributor. This is longstanding bureau policy. It also repeals unnecessary language regarding the payment of refunds.

55. It deletes the obsolete term "dealer" from the cigarette tax law and clarifies certain record-keeping requirements.

56. It clarifies that the personal use exception applies to importation of tobacco products other than cigars and that any quantity of untaxed tobacco products imported into the State is subject to tax.

57. It repeals the law requiring certain fiduciaries to notify the State Tax Assessor of their appointment. This

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requirement has not been enforced for many years.

58. It clarifies that a taxpayer's estimated tax liability includes all taxes due under the income tax law except withholding tax.

59. It clarifies that a person who fails to withhold tax as required is not relieved from liability for penalties for failure to file returns and pay withholding tax. This is the bureau's longstanding position.

60. It consolidates 2 closely related provisions relating to overpayments of withholding tax by employers and pass-through entities into a single subsection and eliminates a superfluous authorization for rulemaking that has never been implemented.

61. It clarifies the determination of the period during which a claimant under the Circuitbreaker Program must have been domiciled in Maine.

62. It clarifies the definition of "elderly household" for purposes of the Circuitbreaker Program. The new language is consistent with the way the statute has been administratively interpreted by the bureau.

63. It restructures for clarity the definition of "income" in the Circuitbreaker Program law, but does not change the way in which income is determined for purposes of the program.

64. It makes technical changes to the business equipment tax reimbursement law. It also corrects a conflict created by Public Law 2005, chapters 618 and 623, which affected the same provision of law, by incorporating changes made by both laws.

65. It eliminates the requirement for an annual revenue enhancement and amnesty report to the Legislature by the bureau.

The bill also corrects several grammatical errors and replaces archaic, redundant and gender-specific language.

Committee Amendment "A" (H-591)

This amendment removes from the bill provisions regarding the taxation of certain fabrication services related to advertising or promotional materials.

Enacted Law Summary

Public Law 2007, chapter 438, submitted on behalf of the Bureau of Revenue Services, makes the following technical changes to the laws governing taxation.

1. It repeals a provision that authorizes the State Tax Assessor to subtract from revenues credit card fees associated with income tax returns filed by telephone. Maine's income tax Telefile system has been discontinued.
2. It replaces the imprecise term "report" with the defined term "return" throughout the tax laws.
3. It authorizes a 120-day extension of the time allowed for filing a return after the taxpayer has received a formal demand for filing. The Department of Administrative and Financial Services, Bureau of Revenue Services has been administratively granting such extensions.
4. It provides clear statutory authority for the State Tax Assessor to disclose the fact that a person has or has not been issued a certificate of exemption under the sales tax law or the service provider tax law. The bureau has

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29. It repeals the solid waste reduction investment tax credit in the insurance premium tax law. The credit is no longer available.
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31. It clarifies that certain separately stated transportation charges are excluded from the sale price under the service provider tax law on the same basis as under the sales and use tax law.
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55. It clarifies that the personal use exception applies to importation of tobacco products other than cigars and that any quantity of untaxed tobacco products imported into the State is subject to tax.
56. It repeals the law requiring certain fiduciaries to notify the State Tax Assessor of their appointment. This requirement has not been enforced for many years.
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58. It clarifies that a person who fails to withhold tax as required is not relieved from liability for penalties for failure to file returns and pay withholding tax. This is the bureau's longstanding position.
59. It consolidates 2 closely related provisions relating to overpayments of withholding tax by employers and pass-through entities into a single subsection and eliminates a superfluous authorization for rulemaking that has never been implemented.
60. It clarifies the determination of the period during which a claimant under the Circuitbreaker Program must have been domiciled in Maine.
61. It clarifies the definition of "elderly household" for purposes of the Circuitbreaker Program. The new language is consistent with the way the statute has been administratively interpreted by the bureau.
62. It restructures for clarity the definition of "income" in the Circuitbreaker Program law, but does not change the way in which income is determined for purposes of the program.
63. It makes technical changes to the business equipment tax reimbursement law. It also corrects a conflict created by Public Law 2005, chapters 618 and 623, which affected the same provision of law, by incorporating changes made by both laws.
64. It eliminates the requirement for an annual revenue enhancement and amnesty report to the Legislature by the bureau.
65. It corrects several grammatical errors and replaces archaic, redundant and gender-specific language.

LD 1756 An Act To Make Real Estate Taxation Stable, Equitable and Predictable

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 property tax laws in the following ways:

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1. Cap yearly increases in municipal spending to a percentage based upon the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics;
2. Limit tax-exempt property to 10% of the area of a municipality;
3. Assess equally the square footage of all land in a municipality in the same land use zone, with exceptions for land with a higher social value, such as waterfront, farmland, forest land, open space, interstate access roads and railroad land, which would receive no or a reduced tax rate or the owners of that land would receive a tax credit;
4. Assess equally the square footage of all buildings in the same land use zone in a municipality and with access to the same utilities, for example, public water and sewer;
5. If there is a budget shortfall for a fiscal year, allow a municipality to assess a budget gap adjustment that would cover the shortfall as a percentage of the combined property values in sections 3 and 4 to be applied equally among all property owners in the municipality;
6. Implement a homestead exemption program for certain property owners in disadvantaged circumstances, such as property owners who are low-income or 65 years of age or older or who have a physical disability; and
7. Enhance municipal revenues based upon the fair market value of the property by a special assessment of a percentage of the capital gains incurred when a property changes ownership or is otherwise transferred; an increase in value when a change in property status occurs, such as the property's zoning, use, impact or connection to a utility; or an increase in value resulting from tax increment financing or infrastructure improvements.

**LD 1770 RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Exempt 65-year-old Residents from Property Tax Increases**

ONTP

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

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to require municipalities to cap property taxes on property owned and occupied as a person's primary residence if that person is at least 65 years of age and the property has an assessed value of no more than 150% of the median assessed value of housing in Maine. The rate of tax would be stabilized at the rate in effect on the later of the date by which the person attained 65 years of age or purchased the property. Upon transfer of the property to someone other than a family member of the owner, the property would assume the just value at the time of transfer. The State would be required to reimburse a municipality for any revenue lost due to the cap on property taxes.

**LD 1772 An Act To Require Nonresidents To Pay Sales Tax on Snowmobiles and
ATVs**

CARRIED OVER

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

Joint Standing Committee on Taxation

This bill repeals the exemption from the sales tax for sales of ATVs and snowmobiles to nonresidents.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

LD 1784 An Act To Authorize Municipal Property Tax Deferral Programs

ONTP

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

This bill authorizes municipalities to establish property tax deferral programs for homesteads. The municipality would be able to restrict eligibility to persons who are 62 or older.

LD 1788 An Act To Equalize Tax Filing Status

CARRIED OVER

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

This bill requires domestic partners registered with the Department of Health and Human Services to file their income tax returns under the same requirements as for married persons.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

**LD 1815 An Act To Create Jobs by Expanding Educational Opportunity for
Maine Residents**

ONTP

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

This bill provides a tax credit to reimburse educational loan payments for a Maine resident who earns an associate degree or a bachelor's degree in Maine and lives, works and pays taxes in Maine after earning that degree. Under an agreement with the State, a Maine resident who obtains an associate degree or a bachelor's degree from an accredited Maine junior college, college or university may take advantage of the credit. A person who qualifies may claim the credit for payments made during each year the person lives and works in Maine. In addition, the qualified person's employer, or, if the qualified person is an independent contractor, the entity contracting with that qualified person, may make the loan payments and claim the credit. The credit is limited to what the person actually pays in loan payments or to the amount that would be necessary to pay for an education in the University of Maine System or Maine Community College System, whichever is less.

See also LDs 53, 298, 368, 948 and 1856.

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LD 1816 Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory

RESOLVE 65

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PIOTTI PERRY J	OTP-AM	H-307

This resolve authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory, which were acquired by the State because of nonpayment of property tax.

Committee Amendment "A" (H-307)

This amendment incorporates a fiscal note.

Enacted Law Summary

Resolve 2007, chapter 65 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory, which were acquired by the State because of nonpayment of property tax.

LD 1819 RESOLUTION, Proposing an Amendment to the Constitution of Maine To Restrict Tax Increases

DIED BETWEEN HOUSES

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

This constitutional resolution proposes 3 changes to the Constitution of Maine and provides that each change must be presented as a separate and independent question to the voters.

Part A requires approval of 2/3 of each House of the Legislature to alter the tax rate for income taxes, motor vehicle excise tax mill rates or general sales tax rates except when inadequate funds have been appropriated for debt payment.

Part B authorizes municipalities to opt out of the unreimbursed portion of the homestead exemption by holding a municipal referendum and would allow them to reverse that decision by a subsequent referendum.

Part C requires a 2/3 vote of a municipal legislative body to increase the local property tax mill rate or implement a sales tax at the municipal level and further requires that if a local sales tax is authorized, it must provide property or excise tax relief.

This resolution is presented as part of a tax reform proposal. See also LD 1833.

Committee Amendment "A" (S-271)

This amendment is the majority report of the Joint Standing Committee on Taxation.

Like the constitutional resolution, this amendment proposes 3 changes to the Constitution of Maine and provides that each change must be presented as a separate and independent question to the voters. Under the amendment, which clarifies the language of the resolution:

Joint Standing Committee on Taxation

1. Part A requires approval of 2/3 of each House of the Legislature to alter the statutory tax rates for income tax, motor vehicle excise tax or sales tax except when adequate funds have not been appropriated for debt payment;
2. Part B authorizes municipalities to opt out of the unreimbursed portion of the general homestead exemption by holding a municipal referendum subject to procedural conditions enacted by the Legislature and allows them to reverse that decision by a subsequent referendum; and
3. Part C authorizes municipalities to adopt a local sales tax subject to guidelines and procedures enacted by the Legislature. Revenues must be used to reduce property taxes.

Committee Amendment "B" (S-272)

This amendment is the minority report of the Joint Standing Committee on Taxation. It removes those parts of the constitutional resolution that required a 2/3 vote to alter certain taxes and that authorized a local sales tax. The amendment retains the authority of municipalities to opt out of the unreimbursed portion of the general homestead exemption by holding a municipal referendum subject to procedural conditions enacted by the Legislature and to reverse that decision by a subsequent referendum.

LD 1823 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>
BERRY PERRY J	OTP-AM MAJ ONTP MIN	H-413 H-515 BERRY

This bill exempts from the sales and use tax meals, up to a maximum cost to the employer of \$6 per day, provided to an employee of an eating establishment while that employee is working.

Committee Amendment "A" (H-413)

This amendment incorporates a fiscal note.

House Amendment "A" (H-515)

This amendment clarifies that the exemption applies to meals provided without charge to an employee during hours while the employee is paid for working, and reduces the maximum cost to the employer of the meal subject to the exemption from \$6 to \$2.

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

LD 1833 An Act To Provide Property Tax and Income Tax Relief

CARRIED OVER

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

This bill provides a framework for property tax relief and income tax relief discussions in the following ways.

Part A increases the homestead property tax exemption from \$13,000 to \$50,000.

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Part B increases benefits by reducing the threshold for 100% reimbursement of property taxes from 8% of income to 6% of income. It also changes the maximum property taxes that may be considered in the formula from \$3,000 to \$2,400 for single-member households and from \$4,000 to \$3,400 for households with 2 or more members, having the effect of reducing the income eligibility threshold to \$60,000 for single-member households and \$85,000 for households with 2 or more members.

Part C increases the earned income tax credit from 5% of the federal credit to 25% and makes it refundable.

Part D provides that the personal exemption under the income tax will be the same as the federal personal exemption, increasing the amount from \$2,850 to \$3,400 for tax years beginning in 2007.

Part E increases the low-income tax credit threshold from \$2,000 of taxable income to \$10,000 of taxable income.

Part F reduces personal income tax rates and adjusts brackets.

Part G eliminates the income tax incorporation of the standard deduction or itemized deductions claimed on a federal income tax return.

Part H increases the excise tax on beer from 25¢ per gallon to 50¢ per gallon and on wine from 30¢ per gallon to 45¢ per gallon.

Part I changes the rate of tax on all taxable income for corporations to 8.93%.

Part J increases the sales tax on meals and lodging from 7% to 9%.

Part K repeals various sales tax exemptions and broadens the sales tax and service provider tax to cover certain services not currently taxed. It also reinstates the sales tax on nonstaple foods.

This bill was carried over to any special or regular session of the 123rd Legislature by joint order, H.P. 1369.

See also LD 1819.

LD 1856 An Act To Allow a Tax Credit for College Loan Repayments

PUBLIC 469

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ ONTP MIN	H-414

This initiated bill provides a tax credit to reimburse educational loan payments for any Maine resident who earns an associate degree or a bachelor's degree in Maine, and lives, works and pays taxes in Maine after earning that degree. Under an agreement with the State, a Maine resident who earns an associate degree or a bachelor's degree from an accredited Maine junior college, college or university may take advantage of the credit. The person may claim the credit for payments made during each year that person lives and works in Maine. If the person lives and works in Maine, that person's employer may make the loan payments and claim the credit. The credit is limited to what the person actually pays in loan payments or to what would be necessary to pay for an education in the University of Maine System or Maine Community College System, whichever is less.

See also LDs 53, 298, 368, 948 and 1815.

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Committee Amendment "A" (H-414)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2007, chapter 469 is an initiated bill that provides a tax credit to reimburse educational loan payments for any Maine resident who earns an associate degree or a bachelor's degree in Maine, and lives, works and pays taxes in Maine after earning that degree. Under an agreement with the State, a Maine resident who earns an associate degree or a bachelor's degree from an accredited Maine junior college, college or university may take advantage of the credit. The person may claim the credit for payments made during each year that person lives and works in Maine. If the person lives and works in Maine, that person's employer may make the loan payments and claim the credit. The credit is limited to what the person actually pays in loan payments or to what would be necessary to pay for an education in the University of Maine System or Maine Community College System, whichever is less.

LD 1875 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2007-08

P & S 28
EMERGENCY

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-382
		S-386 MARTIN

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-382)

This amendment incorporates a fiscal note.

Senate Amendment "A" (S-386)

This amendment adjusts the education portion of the municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality to reflect requirement enacted in LD 484, Public Law 2007, chapter 424.

Enacted Law Summary

Private and Special Law 2007, chapter 28 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.

Private and Special Law 2007, chapter 28 is an emergency measure that took effect June 27, 2007.

LD 1905 An Act To Compute the Automobile Excise Tax Based on the Actual Purchase Price

ONTP

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

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This bill requires that the excise tax for all motor vehicles and campers be based upon the purchase price of the vehicle. Either the original bill of sale or the state sales tax document may be used to verify the purchase price. The bill repeals the section of law dealing with the computation of excise taxes on commercial motor vehicles because all motor vehicles would be taxed in the same manner under this bill.

LD 1917 An Act To Adjust the State Valuation of Boothbay Harbor

**DIED BETWEEN
HOUSES**

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

The Town of Boothbay Harbor by law must refund 60% of tax revenues derived from the Isle of Springs Corporation and the Bayville Village Corporation, both located within the town's geographic boundaries. This bill seeks to address the loss in state-municipal revenue sharing and state education funding that results from having the full value of the 2 village corporations included in the state valuation for the Town of Boothbay Harbor by recertifying the valuation to reflect only 40% of the valuation of the 2 village corporations.

This bill died as the result of nonconcurrence on Committee of Reference between the Senate and House of Representatives.

LD 1925 An Act To Cut Taxes on Maine Residents by over \$140,000,000

**DIED BETWEEN
HOUSES**

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

This bill represents the work of the Joint Standing Committee on Taxation to reform Maine's tax structure and reduce the burden of taxes on Maine residents. This bill reduces taxes on Maine families by over \$140,000,000. The bill contains the following provisions.

Part A makes fundamental changes to simplify and reduce the burden of the State's income tax and create an income tax that is intended to be more beneficial to investment and economic growth in the State. The current structure of 4 tax brackets, personal exemptions and deductions is replaced by a flat rate of 6% on all taxable income. The progressivity of the current income tax is maintained through a household credit that alleviates the impact of the 6% rate on low-income and middle-income households. The corporate income tax is also changed to a flat rate at 8.93%. Conformity with certain federal business expensing and depreciation treatment is provided. The complicated and confusing alternative minimum tax on individuals is repealed.

Part B provides property tax relief by increasing the homestead property tax deduction from \$13,000 to \$26,000.

Part C provides further property tax relief by making the Property Tax and Rent Refund Program, currently known as "the Maine Residents Property Tax Program" or "the circuitbreaker program," available to a larger number of residents and increasing benefits. It requires the State to make greater efforts to increase awareness of the program and produce greater participation.

Part D provides a process that permits persons 65 years of age or older to defer property taxes on their

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homesteads. The State would reimburse municipalities for the deferred taxes and acquire a lien on the property to collect what is owed when the property is sold or otherwise transferred.

Part E broadens the sales tax base by including certain services and repealing certain exemptions. Part E also increases the sales tax on prepared food and lodging to 8% and the sales tax on rentals of automobiles of less than one year to 15%.

Part F changes the format for the real estate transfer tax and provides that permanent residences with a value of \$1,000,000 or less would be taxed at 0.6% on the first \$250,000 of value, 0.8% on the next \$250,000 of value and 1% on the next \$500,000 of value. Residential property valued at over \$1,000,000 would be taxed at 1.5% and all other property would be taxed at 1%.

Part G doubles the excise tax on wine and malt liquor except for malt liquor produced by a manufacturer that produced less than 100,000 barrels in the previous calendar year.

Part H provides that, beginning in fiscal year 2009-10, 15% of growth in sales and income tax would be transferred to the Tax Relief Fund for Maine Residents to be used for tax relief.

Part I provides that, beginning in fiscal year 2009-10, 10% of sales tax revenue growth must be returned to the municipalities where the growth occurred.

Part J requires the Department of Administrative and Financial Services, Bureau of Revenue Services to make information available to citizens that explains the State's tax structure and the changes contained in this Act.

Part K provides that a lien for unpaid property taxes may not be foreclosed against the homestead of a person who is at least 65 years of age and has lived in the homestead for at least 10 years until the property is transferred by deed or upon death. Liens would continue in effect and would accrue interest until the lien is satisfied.

Part L makes appropriations and allocations necessary to implement the bill.

Joint Standing Committee on Taxation

SUBJECT INDEX

Administration of Tax Laws

Enacted

LD 1504	An Act To Make Minor Substantive Changes to the Tax Laws	PUBLIC 437
LD 1739	An Act Concerning Technical Changes to the Tax Laws	PUBLIC 438

Not Enacted

LD 1378	Resolve, To Provide Information to Maine Citizens Regarding Maine's Tax Laws	DIED ON ADJOURNMENT
LD 1925	An Act To Cut Taxes on Maine Residents by over \$140,000,000	DIED BETWEEN HOUSES

Income Tax - General

Enacted

LD 1856	An Act To Allow a Tax Credit for College Loan Repayments	PUBLIC 469
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Not Enacted

LD 53	An Act To Provide a Tax Credit for College Education Costs When the Person Creates Jobs following Graduation	ONTP
LD 54	An Act To Conform Maine Law with Federal Law Regarding Tax Credits for Adoptions	ONTP
LD 131	An Act To Provide Tax Relief to Working Families	ONTP
LD 157	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Lower the Income Tax	ONTP
LD 171	An Act To Establish a Voluntary Tax Account	ONTP
LD 206	An Act To Provide an Inflation Adjustment to the Income Tax Exemption for Private, Public and Military Pensions	ONTP
LD 236	An Act To Exempt from the Income Tax Military Pay of Maine Residents Who Are Members of the Armed Services Stationed outside of the State Earned while on Active Duty	DIED ON ADJOURNMENT

LD 260	An Act To Provide an Income Tax Deduction for Teachers To Account for the Purchase of Supplies	ONTP
LD 262	An Act To Amend the Credit for Rehabilitation of Historic Properties	CARRIED OVER
LD 298	An Act To Assist Higher Education Debt Reduction	ONTP
LD 302	An Act To Create an Alternative Fuel Vehicle Income Tax Credit and an Alternative Fuel Vehicle Rebate	ONTP
LD 349	An Act To Provide a Tax Credit for the Purchase of Small Wind Power Generators for Personal or Small Business Use	CARRIED OVER
LD 358	An Act To Create the Maine Fishery Infrastructure Tax Credit Program	DIED ON ADJOURNMENT
LD 368	An Act To Encourage Employers To Defray the Cost of College for the Children of Their Employees	ONTP
LD 394	An Act To Provide a Tax Benefit to Businesses That Invest in Quality Child Care	ONTP
LD 422	An Act To Increase the State Income Tax Exemption for Retired Employees in the Maine State Retirement System and Other Pension Systems to the Same Level as That of Retirees under the Social Security System	ONTP
LD 529	An Act To Encourage Newly Retired Veterans To Reside in Maine	DIED ON ADJOURNMENT
LD 544	An Act To Provide Maine Land Conservation Tax Incentives	DIED ON ADJOURNMENT
LD 562	An Act To Adopt a Flat Corporate Income Tax	ONTP
LD 567	An Act To Expand Tax Incentives for Conservation Easements	ONTP
LD 569	An Act To Reduce Maine's Income Tax Rates by 50 Percent	ACCEPTED ONTP REPORT
LD 623	An Act To Change the Standard State Tax Deduction for Married People Filing Jointly to \$10,000	ONTP
LD 641	An Act To Amend the Nonresident Income Tax Filing Requirements	DIED ON ADJOURNMENT
LD 735	An Act To Provide an Income Tax Exemption for Active Duty Military Pay and Disability Military Pay	ONTP

LD 737	An Act To Promote Forest Management Planning and Certification	CARRIED OVER
LD 802	An Act To Ensure the Income Tax for Pensions Is Applied Fairly by Eliminating Reductions of Social Security and Railroad Benefits	ONTP
LD 816	An Act To Improve the Historic Preservation Tax Credit	DIED ON ADJOURNMENT
LD 872	An Act To Exempt Military Pensions and Survivors' Benefit Payments from State Income Tax	DIED ON ADJOURNMENT
LD 881	An Act To Create a Tax Break for Families That Make Less Than \$25,000 Annually	ONTP
LD 900	An Act To Reduce the Capital Gains Tax	INDEF PP
LD 948	An Act To Provide Relief to Maine Residents from Postsecondary Tuition Costs	ONTP
LD 952	An Act To Reduce the Income Tax	CARRIED OVER
LD 1193	An Act Regarding the Taxation of Income Derived from Out-of-state Trusts	ONTP
LD 1255	Resolve, To Return to J & L Discatio Corporation Money Paid by It to Maine Revenue Services	ONTP
LD 1276	An Act To Promote Funding for Wildlife	ONTP
LD 1356	An Act To Provide a Tax Credit for Revitalization of Historic Mill Facilities	ONTP
LD 1379	An Act To Create an Income Tax Stabilization Program	ONTP
LD 1380	An Act To Provide Income Tax Relief to Working and Middle-class Families	ONTP
LD 1400	An Act To Amend the Laws Governing the Taxation of Partnerships	CARRIED OVER
LD 1432	An Act To Create a Voluntary Checkoff for the Income Tax Form for Forest Disease Prevention and Control	ONTP
LD 1434	An Act To Lower Maine Income Tax Rates	ONTP
LD 1461	An Act To Allow a Tax Credit for Tuition Paid to Private Schools	ONTP
LD 1482	An Act To Assist Recipients of Tax-exempt Income	ONTP

LD 1483	An Act To Exempt a Portion of Rental Income from Taxation	ONTP
LD 1510	An Act To Provide an Income Tax Deduction for Health Insurance Premiums	ONTP
LD 1518	An Act To Establish a Renewable Energy Tax Credit	ONTP
LD 1529	An Act To Create a Scholarship Grant Organization Tax Credit	ONTP
LD 1571	An Act To Clarify the Tax Credit for Pollution-reducing Boilers	ONTP
LD 1712	An Act To Amend the Amount of the Child Care Tax Credit	ONTP
LD 1788	An Act To Equalize Tax Filing Status	CARRIED OVER
LD 1815	An Act To Create Jobs by Expanding Educational Opportunity for Maine Residents	ONTP

Miscellaneous Taxes

Enacted

LD 227	An Act To Allow the Reimbursement of Motor Vehicle Excise Taxes in Certain Cases	PUBLIC 83
LD 716	Resolve, Regarding Legislative Review of Chapter 324: ConnectME Tax Reimbursements, a Major Substantive Rule of Maine Revenue Services	RESOLVE 26 EMERGENCY
LD 780	Resolve, Directing the Commissioner of Economic and Community Development To Convene a Working Group To Advance the Redevelopment of Mill Buildings	RESOLVE 103
LD 789	Resolve, Directing the Bureau of Revenue Services To Convene a Study Group on the Motor Vehicle Excise Tax	RESOLVE 107
LD 893	An Act To Exempt from Excise Tax Maine Military Personnel Who Are Serving Their Tours of Duty in Maine	PUBLIC 404
LD 1005	An Act To Amend the Tax Laws Concerning Certain Motor Vehicle Dealership Transactions	PUBLIC 410
LD 1307	An Act To Reduce Duplication of Paperwork for Fuel Distributors	PUBLIC 407
LD 1707	Resolve, Directing the Bureau of Revenue Services To Convene a Study Group on Excise Tax Enforcement	RESOLVE 113

Not Enacted

LD 26	An Act To Fund Transportation Projects	ONTP
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LD 31	An Act To Fund Alcohol and Tobacco Addiction Treatment Programs BY REQUEST	ONTP
LD 79	An Act To Repeal the Excise Tax on New Motor Vehicles BY REQUEST	ONTP
LD 355	Resolve, To Establish a Committee To Examine Issues Relating to the Administration and Distribution of Municipal Revenue Sharing	ONTP
LD 402	An Act To Clarify the Application of the Real Estate Transfer Tax with Regard to Partial Sales of Corporations That Own Real Estate	ONTP
LD 459	An Act To Reduce the Excise Tax on New Vehicles	ONTP
LD 460	An Act To Amend the Municipal Excise Tax Reimbursement Fund Law	ONTP
LD 531	An Act To Improve the Method of Taxing Natural Gas for Highway Use	CARRIED OVER
LD 558	An Act To Create Fairness in the Motor Vehicle Excise Tax by Implementing the Recommendations of the Secretary of State's Task Force on Registration Fees	ONTP
LD 600	An Act To Improve Revenue Sharing	ONTP
LD 610	An Act To Reform the Taxation of Malt Liquor and Wine	INDEF PP
LD 760	An Act To Reduce the Excise Tax on Certain Commercial Vehicles	ONTP
LD 762	An Act To Enhance a Community's Capacity To Support Affordable Housing	ONTP
LD 788	An Act To Dedicate 20 Percent of the Sales Tax on Motor Vehicles to the Highway Fund	CARRIED OVER
LD 828	An Act To Change the Process for Applying for Reimbursement of Fuel Taxes	INDEF PP
LD 1105	An Act To Strengthen Maine's Craft Brewers	DIED ON ADJOURNMENT
LD 1112	An Act To Exempt from Maine Taxes Wine Shipped to Other States	ONTP
LD 1155	An Act To Include Fuel Economy when Calculating the Excise Tax on Motor Vehicles	CARRIED OVER
LD 1169	An Act Relating to Uncollectible Cigarette and Tobacco Taxes	DIED ON ADJOURNMENT

LD 1181	An Act To Reclassify Certain Tobacco Products	ONTP
LD 1192	An Act To Adjust Revenue Sharing Proportions for Education	ONTP
LD 1235	An Act Regarding Recreational Vehicle Excise Taxes	ONTP
LD 1342	An Act To Enhance Energy Security by Requiring Greater Fuel Efficiency	ONTP
LD 1357	Resolve, Directing the Treasurer of State To Convene a Study Commission To Develop Recommendations To Improve the Administration of the State-Municipal Revenue Sharing	ONTP
LD 1358	Resolve, To Study the Distribution of Revenue Sharing	ONTP
LD 1375	An Act To Equalize the Taxation of Noncigarette Tobacco Products	ONTP
LD 1376	An Act To Preserve Farmland and Timberland	ONTP
LD 1460	An Act To Allow Maine Residents To More Fully Depreciate Their Motor Vehicles	ONTP
LD 1484	An Act To Fund Community Health Centers	ACCEPTED ONTP REPORT
LD 1556	An Act To Recouple Maine Estate Tax with Federal Estate Tax	CARRIED OVER
LD 1579	An Act To Increase Fairness in Municipal Spending Caps	ONTP
LD 1597	An Act Regarding the Service Provider Tax	ONTP
LD 1711	An Act To Reduce the Capital Gains Tax	ONTP
LD 1725	An Act To Modernize the Alcohol Tax by Imposing It on a Per Drink Basis	CARRIED OVER
LD 1905	An Act To Compute the Automobile Excise Tax Based on the Actual Purchase Price	ONTP

Property Tax - Current Use

Enacted

LD 736	An Act To Require Notification before Withdrawal of Land from Classification under the Maine Tree Growth Tax Law for Failure To File Certain Statements	PUBLIC 425
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Not Enacted

LD 237	An Act To Amend the Maine Tree Growth Tax Law	ONTP
LD 530	An Act To Encourage Open Space through Current Use Taxation of Open Space Land Set Aside for Long-term Protection from Development	CARRIED OVER
LD 543	Resolve, To Establish the Maine Tree Growth Tax Law Review Committee	CARRIED OVER
LD 640	An Act To Assess Farm Buildings at Current Use Value	ONTP
LD 665	An Act Regarding the Calculation of Tree Growth Reimbursements to Municipalities	ONTP
LD 1298	An Act To Amend the Definition of "Working Waterfront Land" To Include Land Used for Marine Trades	CARRIED OVER
LD 1299	An Act To Amend the Farm and Open Space Tax Law BY REQUEST	ONTP
LD 1580	An Act To Allow Tree Growth Land Transfer to Family Members	ONTP

Property Tax - Exemptions

Enacted

LD 313	An Act To Extend the Property Tax Exemption for Veterans to Persons Living in Cooperative Housing	PUBLIC 418
LD 528	An Act To Make BETR Better	PUBLIC 372
LD 1225	An Act To Make Technical Changes to the Repeal of the Personal Property Tax on Business Equipment	PUBLIC 435

Not Enacted

LD 81	An Act To Update the Property Tax Exemption for Parsonages	ONTP
LD 172	An Act To Increase the Property Tax Exemption for Veterans	DIED ON ADJOURNMENT
LD 288	An Act To Increase the State Share of the Homestead Exemption to 70%	ONTP
LD 566	An Act To Increase the Property Tax Exemption for Certain Veterans and Surviving Spouses	ONTP
LD 624	An Act To Increase the Maine Resident Homestead Property Tax Exemption Amount to \$25,000	ONTP
LD 877	An Act Regarding the Homestead Exemption as It Applies to Certain Housing Cooperatives	ONTP

LD 879	An Act To Authorize a Local Option Homestead Exemption BY REQUEST	ONTP
LD 1001	An Act To Eliminate the Property Tax on Business Equipment Owned by Small Retailers	CARRIED OVER
LD 1069	An Act To Provide a Property Tax Exemption for Nonprofit Technology Centers	ONTP
LD 1242	An Act To Increase Relief Provided under the Homestead Property Tax Exemption BY REQUEST	ONTP
LD 1338	An Act Concerning the Taxation of Property Owned by Certain Nonprofit Organizations	ACCEPTED ONTP REPORT
LD 1413	An Act To Set Fees for Services for Tax-exempt Property in Municipalities	CARRIED OVER
LD 1444	An Act To Index the Veterans' Property Tax Exemptions to the Cost of Living	ONTP
LD 1486	An Act To Clarify the Property Tax Exemption for Family Burial Grounds	ONTP
LD 1554	An Act To Assist Snowmobile Clubs with Local Property Taxes	ONTP
LD 1555	An Act To Remove the Tax-exempt Status on Land Purchased by Nonprofit Groups for Conservation	ONTP
LD 1578	An Act To Encourage Municipal Cooperation	ONTP
LD 1610	An Act To Preserve Manufacturing in Maine	ONTP
LD 1648	An Act To Exempt Housing Owned by Nonprofit Organizations for People with Disabilities from the Municipal Service Fee Laws	DIED BETWEEN HOUSES

Property Tax - General

Enacted

LD 1144	An Act To Provide Information to Property Tax Payers	PUBLIC 432
LD 1414	An Act To Support Farms and Limit Sprawl	PUBLIC 301
LD 1816	Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory	RESOLVE 65
LD 1875	An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2007-08	P & S 28 EMERGENCY

Not Enacted

LD 82	Resolve, To Create a Study Commission To Evaluate the County Tax Structure	ONTP
LD 885	An Act To Implement the Recommendations of the Commission To Study the Costs of Providing Certain Services in the Unorganized Territories	CARRIED OVER
LD 945	An Act To Require the State's Share of Local Aid to Education To Be Used for Property Tax Relief	ONTP
LD 1010	An Act To Ensure That Military Services Members Receive Deferment of Their Property Tax Obligations	ONTP
LD 1211	An Act To Decrease the Property Tax Rate	ONTP
LD 1433	An Act Providing Senior Citizens with an Optional Deferred Payment Plan for the Payment of Property Taxes	ONTP
LD 1443	Resolve, To Study the Funding Formula of Cumberland County To More Equitably Apportion the Taxes Paid to County Government	INDEF PP
LD 1478	An Act To Reduce County Tax on Certain Municipalities	ONTP
LD 1602	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Reduce Homestead Property Taxes	ONTP
LD 1665	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Limit the Rate of Change in the Property Tax Liability of Elderly Maine Residents	ONTP
LD 1710	An Act To Promote Fairness in Municipal Foreclosure Procedures	ONTP
LD 1732	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Establish a Surtax on Property with a Value over \$400,000	ONTP
LD 1756	An Act To Make Real Estate Taxation Stable, Equitable and Predictable	ONTP

Property Tax - Valuation

Enacted

LD 559	An Act Regarding the Valuation of Land within Buffer Areas Established under the Natural Resources Protection Laws	PUBLIC 389
LD 1100	Resolve, Directing the Bureau of Revenue Services To Provide Guidance Regarding the Valuation of Certain Affordable Housing Property	RESOLVE 89
LD 1558	An Act To Improve the Process for Adjustment for Sudden and Severe Disruption of Valuation	PUBLIC 322

Not Enacted

LD 261	Resolve, To Review the Procedures by Which a Municipality Assesses Property	INDEF PP
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LD 276	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Require the Legislature To Freeze the Valuation of Maine Primary Residence Land	CARRIED OVER
LD 582	An Act To Create Fairness in Maine's Property Taxes	ONTP
LD 693	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Authorize the Legislature To Allow Municipalities To Exempt from Property Tax a Portion of the Value of Homesteads	ONTP
LD 786	An Act To Establish the Maine Land Bank and Community Preservation Program	ONTP
LD 787	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Change the Assessment of Lands Used for Long-term Ownership	ONTP
LD 1494	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Reform Property Taxes by Limiting Increases	ONTP
LD 1557	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Cap the Property Tax on the Primary Residence of a Person 65 Years of Age or Older	ONTP
LD 1559	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Freeze Property Tax Bills for Certain Residents 65 Years of Age or Older	ONTP
LD 1584	An Act To Authorize Arbitration of Property Tax Valuation Disputes	CARRIED OVER
LD 1601	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Create a Longtime Resident Tax Cap Program	ONTP
LD 1646	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Provide Property Tax Relief to the Elderly and Disabled	ONTP
LD 1647	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Reduce Taxes for Affordable Housing	ONTP
LD 1731	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Tax Nonprimary Residences at a Higher Rate	ONTP
LD 1917	An Act To Adjust the State Valuation of Boothbay Harbor	DIED BETWEEN HOUSES

Property Tax Relief Programs

Enacted

LD 1096	An Act To Make Circuitbreaker Program Benefits Proportional If a Resident Moves	PUBLIC 325
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Not Enacted

LD 80	An Act To Make Changes to the Maine Residents Property Tax Program	ONTP
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LD 179	An Act To Make Changes to the Maine Residents Property Tax Program	ONTP
LD 527	An Act To Expand Property Tax Benefits for Retired Citizens	ONTP
LD 849	An Act To Amend the Laws Governing Eligibility for the Maine Residents Property Tax Program	ACCEPTED ONTP REPORT
LD 1002	An Act To Improve Access to and Awareness of the Circuitbreaker Program	ONTP
LD 1067	An Act To Require the Payment of Property Taxes before a Refund May Be Issued under the Circuitbreaker Program	ONTP
LD 1095	An Act To Enhance the Maine Residents Property Tax Program	ONTP
LD 1189	An Act To Expand the Maine Residents Property Tax Program	ONTP
LD 1243	An Act To Allow Local Administration of the Maine Residents Property Tax Program BY REQUEST	ONTP
LD 1412	RESOLUTION, To Amend the Constitution of Maine To Protect Senior Property Owners	ONTP
LD 1457	An Act To Preserve Home Ownership in the State by Reducing the Property Tax Burden	ONTP
LD 1481	An Act To Provide Tax Relief to Middle-income Residents through the Maine Residents Property Tax Program	ONTP
LD 1613	An Act To Reduce Property Taxes through a Municipal Tax Deferral Program	ONTP
LD 1631	An Act To Cut Taxes for Working-income Mainers	ONTP
LD 1671	An Act To Limit Homestead Property Taxes to 5% of Income	ONTP
LD 1708	An Act To Exempt Persons 65 Years of Age or Older Whose Income Is Below the Poverty Line from Paying Property Taxes on Their Homes	ONTP
LD 1770	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Exempt 65-year-old Residents from Property Tax Increases	ONTP
LD 1784	An Act To Authorize Municipal Property Tax Deferral Programs	ONTP

Real Estate Transfer Tax

Enacted

LD 936	An Act To Protect the Housing Opportunities for Maine Fund	PUBLIC 427
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Not Enacted

LD 174	An Act To Increase the County Share of the Real Estate Transfer Tax	ONTP
LD 639	An Act To Clarify the Application of the Real Estate Transfer Tax in Regards to Section 1031 Exchanges	ONTP
LD 668	An Act To Reallocate Revenues from the Real Estate Transfer Tax	ONTP
LD 761	An Act To Enable Municipalities To Establish Municipal Land Banks Funded by Local Option Real Estate Transfer Taxes	ONTP
LD 1145	An Act To Impose a Real Estate Transfer Tax Based on the Value of the Property	ONTP
LD 1649	An Act To Establish a Local Option Real Estate Transfer Tax for Homestead Tax Relief	ONTP

Sales Tax

Enacted

LD 144	An Act To Support Maine's Free Clinics	PUBLIC 416
LD 919	An Act To Clarify the Sales Tax and Service Provider Tax Exemptions for Nonprofit Ambulance Services	PUBLIC 419
LD 937	An Act To Exempt Qualifying Snowmobile Trail Grooming Equipment from State Sales Tax	PUBLIC 429
LD 1003	An Act To Amend the Tax Credit for Biofuel Production	PUBLIC 426
LD 1006	An Act To Ensure Fairness for Maine Businesses	PUBLIC 328
LD 1052	An Act To Extend Eligibility for the Trade-in Credit to All Trailers	PUBLIC 375
LD 1645	An Act To Clarify That Certain Separately Itemized Charges Are Subject to the Sales Tax on the Rental of Motor Vehicles	PUBLIC 444

Not Enacted

LD 2	An Act To Provide a Partial Tax Exemption for the Purchase of a Hybrid or Clean Fuel Vehicle	DIED ON ADJOURNMENT
LD 83	An Act To Provide Equity for the Penobscot Nation in the Return of Tax Revenue	ONTP
LD 158	An Act To Allow a Local Option Sales Tax	ONTP
LD 207	An Act To Reduce the Meals and Lodging Tax	ONTP

LD 263	An Act To Reduce the Property Tax Burden	ONTP
LD 325	An Act To Clarify the Tax-exempt Status of Ornamental Horticulture	DIED ON ADJOURNMENT
LD 337	An Act To Exempt Certain Shipping Fees from the Sales Tax	ONTP
LD 570	An Act To Authorize a Local Option Sales Tax To Reduce Property Taxes	ONTP
LD 690	An Act Regarding the Sales Tax	ONTP
LD 811	An Act To Exempt Dietary Supplements from the Sales Tax	ONTP
LD 829	An Act To Create a Back-to-school Sales Tax-free Weekend Each Year	ONTP
LD 920	An Act To Repeal the Maine Use Tax	ACCEPTED ONTP REPORT
LD 954	An Act To Reduce the Sales Tax on Business Energy	ACCEPTED ONTP REPORT
LD 1062	An Act To Provide Tax-exempt Status to Service Dog Trainers	ONTP
LD 1093	An Act To Exempt Dyed Fuel from the Sales Tax	DIED ON ADJOURNMENT
LD 1094	An Act To Exempt from the Sales Tax Water Used in Agricultural Production	CARRIED OVER
LD 1131	An Act To Establish a Sales Tax Rebate for Certain Vehicles	ONTP
LD 1167	An Act To Permit a Local Option Sales Tax in Towns Adjacent to a National Park	INDEF PP
LD 1214	An Act To Improve the Competitiveness of Maine's Boat Building Industry	CARRIED OVER
LD 1266	An Act To Support County Government	DIED BETWEEN HOUSES
LD 1300	An Act To Return a Portion of Sales, Lodging and Meals Taxes to Municipalities	DIED BETWEEN HOUSES

LD 1377	An Act To Exempt Fuel Used by Commercial Groundfishing Boats from Sales Tax	DIED ON ADJOURNMENT
LD 1479	An Act To Clarify Responsibility for the Collection of Rental Taxes	ONTP
LD 1485	An Act Relating to Automotive Core Parts	ONTP
LD 1633	An Act To Provide a Sales Tax Exemption for College Textbooks	ONTP
LD 1664	An Act To Exempt Vegetable Seeds from the Sales Tax	DIED ON ADJOURNMENT
LD 1772	An Act To Require Nonresidents To Pay Sales Tax on Snowmobiles and ATVs	CARRIED OVER
LD 1823	An Act To Exempt Certain Meals Provided to Food Service Employees from the Sales and Use Tax	DIED ON ADJOURNMENT

Tax Increment Financing

Enacted

LD 208	Resolve, Directing the Department of Economic and Community Development To Analyze and Evaluate the Effect of Tax Increment Financing for Retail Businesses on Economic Development	RESOLVE 127
LD 738	An Act To Assist the Community Affected by the Closure of the Cutler Naval Base	P & S 21 EMERGENCY
LD 739	Resolve, Directing the Department of Economic and Community Development To Review and Report on Whether a State Tax Increment Financing Structure Should Be Established To Support Economic Development in Washington County	RESOLVE 123
LD 1182	An Act To Enable the Creation of Tax Increment Financing Districts for Arts Districts	PUBLIC 413

Tax Reform - Restructuring

Not Enacted

LD 132	An Act To Reform the Maine Tax Code	ONTP
LD 850	An Act To Reduce Taxes	ONTP
LD 962	An Act To Reform and Lower Maine Taxes	ONTP

LD 1109	Resolve, To Establish a Study Commission To Reform Taxes and Spending in Maine	CARRIED OVER
LD 1458	An Act To Reduce the Income Tax Burden on Maine Residents	ONTP
LD 1560	An Act To Rebalance Maine's Tax Code	ONTP
LD 1588	An Act To Enact the 2007 Tax Reform and Tax Relief Act	ONTP
LD 1652	An Act To Support County Corrections and Public Education	ONTP
LD 1670	An Act To Promote Tax Fairness	ONTP
LD 1819	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Restrict Tax Increases	DIED BETWEEN HOUSES
LD 1833	An Act To Provide Property Tax and Income Tax Relief	CARRIED OVER

Tax Reform - Tax and Spending Limits

Not Enacted

LD 395	An Act To Use National Standards To Determine Maine's Relative Tax Burden for Purposes of Budget Caps	ONTP
LD 961	An Act To Authorize an Alternative Calculation of the Property Growth Factor for Industrial Municipalities	CARRIED OVER
LD 1459	An Act Concerning Spending Caps	ONTP
LD 1581	An Act To Promote Economic Recovery in Maine	ONTP
LD 1582	An Act Reduce Maine's Tax Burden over a 10-year Period	CARRIED OVER
LD 1632	An Act To Impose Reasonable Limits on the Growth of State Government	ACCEPTED ONTP REPORT

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