

LD 109

An Act to Exempt from Tax State-mandated Fish Passage Facilities

ONTP

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

LD 109 proposed to provide a property tax exemption for certain fish passage facilities and a sales tax exemption for materials used in the maintenance of such facilities.

LD 138

Resolve, Directing the State Tax Assessor to Adjust the State Valuation for the Town of Ashland

**RESOLVE 88
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARTIN CHURCHILL, J	OTP-AM	S-170

LD 138 proposed to direct the State Tax Assessor to reduce the state valuation for the Town of Ashland by approximately 12% to \$66,950,000.

Committee Amendment “A” (S-170) proposed to establish the mechanism for adjustment of general purpose aid for local schools for the Town of Ashland to provide for the adjustment in the 2003 state valuation required by the resolve.

Enacted law summary:

Resolve 2003, chapter 88 reduces the 2003 state valuation for the Town of Ashland to \$66,950,000 and establishes a mechanism for adjustment of general purpose aid for local schools for the Town of Ashland to provide for the adjustment in the 2003 state valuation required by the resolve. The Commissioner of Education is directed to provide the required additional funds to the Town from savings in the General Purpose Aid for Local Schools account and requires the proration of funding if insufficient savings are available to fund adjustments for all municipalities for which adjustments are enacted.

Resolve 2003, chapter 8 was enacted as an emergency measure effective June 23, 2003.

LD 141 **An Act to Increase Revenue Sharing to a Municipality by 5% of its Allocation if it Shares Fire, Police and Recreation Services with Adjoining Municipalities** **ONTP**

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

LD 141 proposed that municipalities that share police and fire protection and recreation services with one or more adjoining municipalities would be entitled to receive an additional 5% of their allocation from the Local Government Fund.

LD 146 **An Act to Establish a Tax Credit for Parents who Homeschool Their Children** **ONTP**

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

LD 146 proposed to provide a nonrefundable income tax credit of \$1,000 to taxpayers who provide approved homeschooling for their dependents.

LD 154 **An Act to Provide a Sales Tax Exemption for Nonprofit Organizations That Provide Food and Lodging for Family Members of Patients in Hospitals** **ONTP**

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

LD 154 proposed to expand the sales tax exemption for nonprofit organizations providing temporary residential accommodations to critically ill pediatric patients and adult patients with cancer, and their families to include organizations that provide food or lodging to hospital patients or their families. See LD 583. The provisions of this bill were included in Part AA of the Part II budget. See LD 1614 summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

LD 174

An Act to Restructure the Maine Income Tax Law

ONTP

<u>Sponsor(s)</u> LEMOINE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 174 was a concept draft that proposed to restructure the Maine Income Tax Law.

LD 179

An Act to Restructure the Tax System and Make the Restructured System Subject to Referendum

ONTP

<u>Sponsor(s)</u> LEMOINE STANLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 179 was a concept draft that proposed to restructure the system of taxation in Maine. The restructured system would have needed to be approved at a statewide referendum prior to implementation.

LD 184

An Act to Clarify the Ability of the Maine Forest Service and Tax Assessors to View Private Landowners' Forest Management Plans

PUBLIC 30

<u>Sponsor(s)</u> JODREY		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-20
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LD 184 proposed to restrict access by the local assessor and the Director of the Bureau of Forestry to a copy of a forest management and harvest plan for land taxed pursuant to the Maine Tree Growth Tax Law by providing that the plan must be available only for view.

Committee Amendment “A” (H-20) proposed to permit a tax assessor or the Director of the Bureau of Forestry to review a forest management plan. The review would permit the assessor or the director to see or possess the plan for a reasonable period of time to verify compliance with a forest management plan under the Maine Tree Growth Tax Law. Upon completion of the review, the plan would be returned to the owner or the owner's agent.

Enacted law summary:

Public Law 2003, chapter 30 permits a tax assessor or the Director of the Bureau of Forestry to see or possess a forest management plan for a reasonable period of time to verify compliance with a forest management plan under the Maine Tree Growth Tax Law. Upon completion of the review, the plan would be returned to the owner or the owner's agent.

LD 187

An Act To Fairly Assess Sales Tax on Vehicles

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TOBIN, J DAVIS, P	ONTP	

LD 187 proposed a sales tax exemption for casual sales of certain vehicles when sold to a corporation, partnership, limited liability company or limited liability partnership when the seller is the owner of common stock of the corporation or has an ownership interest in the partnership, limited liability company or limited liability partnership or when the seller is the spouse of such an owner. The bill proposed to apply this change retroactively to January 1, 2003.

LD 191

An Act to Amend the Definition of "Commercial Agricultural Production"

ONTP

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

LD 191 proposed to create one definition of “commercial agricultural production” to apply to the sales tax exemption for products used in agricultural production and to the refund or exemption for machinery and equipment used in commercial agricultural production. The proposed change both expands and restricts the items that would be exempt from sales tax.

LD 198

An Act to Fund the Fund for a Healthy Maine From an Increase in Liquor Taxes

ONTP

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

LD 198 proposed to increase the tax imposed on spirits, malt liquor, low-alcohol spirits, fortified wine and hard cider by 25%. Ten percent of the tax imposed on those products would be dedicated to the Fund for a Healthy Maine.

LD 202

**An Act To Make Certain Housing an Acceptable Use of Tax
Increment Financing**

ONTP

<u>Sponsor(s)</u> SUSLOVIC STRIMLING		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 202 proposed to permit affordable housing development costs approved by the Maine State Housing Authority to be included in municipal development district project costs for purposes of tax increment financing. See also LD 858.

LD 204

**An Act To Require That the Excise Tax on Vehicles Be Based on
the Purchase Price**

ONTP

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 204 proposed to require that the excise tax for all motor vehicles and campers be based upon the purchase price of the vehicle rather than the “maker’s list price.” Either the original bill of sale or the state sales tax document could be used to certify the purchase price. See also LD 530.

LD 206

An Act to Expand the Maine Residents Property Tax Program

ONTP

<u>Sponsor(s)</u> MILLS, P		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 206 proposed to expand the Maine Residents Property Tax Program to provide benefits equal to 80% of the property taxes for a homestead that exceed 4% of the taxpayer's income. The amount of rent constituting property taxes accrued for nonelderly households would have increased from 18% to 20%. The income eligibility requirements would be repealed. The cost of expanding the Maine Residents Property Tax Program would be compensated for by decreasing the Maine resident homestead property tax exemption from \$7,000 to \$3,000.

**LD 208 RESOLUTION, Proposing an Amendment to the Constitution of CARRIED OVER
Maine Related to the Taxation of Personal Property**

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

LD 208 proposes an amendment to the Constitution of Maine to exempt business personal property from property tax as a general rule, but would permit municipalities to tax business personal property on the basis of just value or another basis authorized by the Legislature.

LD 209 An Act to Increase the Tax on All Tobacco Products ONTP

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

LD 209 proposed to increase the tax on cigarettes and other tobacco products by 25% effective October 1, 2003.

**LD 216 An Act to Provide an Income Tax Deduction for a Qualified State- ONTP
sponsored 529 Plan for Higher Education Expenses**

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

LD 216 proposed an income tax deduction of up to \$10,000 per account for contributions made to any qualified state tuition program, including the Maine College Savings Program, that was eligible for preferred tax treatment under federal law.

LD 218

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine to Stabilize Real Estate Valuation and Protect Ancestral
Homes**

ONTP

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

LD 218 was a concept draft that proposed to amend the Constitution of Maine to limit the ability of municipalities to increase the valuation of homes. The limitation would be achieved by establishing a baseline for property values using the value of the home in 1985. Unless there were major renovations to the home or the home was sold, the valuation would stay at the 1985 level. If a home remained in a family through inheritance, the town could adjust the value from generation to generation.

LD 219

**An Act to Expand the Maine Residents Property Tax Program, the
so-called "Circuit Breaker Program"**

ONTP

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

LD 219 proposed to double the income limitation for benefits under the Maine Residents Property Tax Program to \$51,400 for single-member households and \$80,000 for households with 2 or more members. This bill would also raise the maximum allowable rebate from \$1,000 to \$3,000.

LD 246

**An Act To Promote and Facilitate Personal Retirement Saving in
Maine**

ONTP

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

LD 246 proposed a one-time income tax credit for certain federally qualified retirement savings contributions. The credit would range from 10% to 50% of up to \$500 of contributions that qualify for a federal credit. The percentage allowed would be the same as that allowed under the federal credit and decreases as the taxpayer's federal adjusted gross income increases. The credit would expire after 4 years.

LD 251

An Act Concerning Tax-acquired Property

ONTP

<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 251 proposed to reduce the amount of residential property acquired by municipalities for nonpayment of taxes by establishing procedures for the development of payment plans both before and after residential property is acquired by a municipality if the person who is delinquent in payment of taxes or that person's surviving spouse continues to reside on the property. Municipalities would be required to establish procedures for payment plans and to notify persons who are delinquent of those procedures and the availability of property tax relief programs. The municipality would be permitted to set off against delinquent taxes amounts owed by the municipality to the person who is delinquent. A former owner or the former owner's surviving spouse would be permitted to buy back the property by payment of delinquent taxes, interest and costs at any time before the property is sold to a 3rd party. A municipality that sells a tax-acquired property would be required to pay the funds received in excess of delinquent taxes, interest and costs to the former owner or the former owner's surviving spouse or heirs. See also LD 937.

LD 256

An Act to Establish and Permit Medical Savings Accounts

ONTP

<u>Sponsor(s)</u> CRESSEY MAYO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 256 proposed to allow residents of the State to establish medical savings accounts for payment of eligible medical expenses, including the payment of health insurance premiums and deductibles. Contributions to, interest earned on and qualified withdrawals from medical savings accounts would be exempt from Maine state income tax. See also LD 950.

LD 259

An Act To Amend the Laws Governing the Assessment of Property Taxes in the Event of a Change of Ownership of the Property

ONTP

<u>Sponsor(s)</u> BROMLEY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 259 proposed to exempt the previous owner of property from liability for any taxes billed after the change in ownership as long as the previous owner provides certain information, such as a copy of the executed deed, to the assessor. See also LDs 261 and 600.

LD 261

An Act To Require Disclosure Statements Regarding Proration of Property Taxes When Real Estate is Sold

ONTP

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

LD 261 proposed to require a person selling real estate to provide to the purchaser a disclosure statement at the time of sale clearly defining the terms of an agreement for proration of property taxes and the respective property tax obligations of the purchaser and seller in order to completely fulfill the property tax obligation, unless all of the funds necessary to fulfill the proration agreement were secured at the time of sale in an escrow account. See also LDs 259 and 600.

LD 266

An Act To Provide Meaningful Property Tax Relief

ONTP

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

LD 266 proposed to do the following:

1. Repeal the Maine resident homestead property tax exemption and instead expand the Maine Residents Property Tax Program, commonly known as the "circuit breaker" program;
2. Increase the benefits for renters under the Maine Residents Property Tax Program by increasing the percentage of rent constituting property taxes from 18% to 20% of rent paid;
3. Expand the circuit breaker program by reducing the income tax thresholds from 4% and 8% to 3% and 6%, respectively, and by increasing the maximum benefit payment from \$1,000 to \$3,000; and
4. Expand the circuit breaker program by increasing the income thresholds from \$25,700 for singles and \$40,000 for joint filers to \$40,000 and \$60,000, respectively.

LD 269

An Act To Exempt Special Mobile Equipment from Sales Tax

ONTP

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

LD 269 proposed to include special mobile equipment among the vehicles that can be purchased by a nonresident and exempted from the Maine sales tax if removed immediately from the State.

LD 289

An Act to Create the Family Technology Assistance Tax Credit

ONTP

Sponsor(s)
BLISS

Committee Report
ONTP

Amendments Adopted

LD 289 proposed to provide an income tax credit of up to \$1,000 for the purchase a home computer system for a taxpayer with dependent children. A taxpayer could claim this credit once every 5 years.

LD 305

An Act To Amend the Lien Procedures for Time-share Estates

PUBLIC 229

Sponsor(s)
COLLINS
STANLEY

Committee Report
OTP-AM

Amendments Adopted
H-233

LD 305 proposed to permit a municipality to place a lien on property owned by an association of time-share unit owners if the managing entity is required by local ordinance to collect property taxes on the time-shares and the managing entity fails to pay all property taxes due.

Committee Amendment “A” (H-233) proposed to permit a municipality with a time-share tax ordinance to require the managing entity of a time-share project to pay the property taxes due with respect to the time-share estates that are a part of the project regardless of whether sufficient amounts were collected by the managing entity from time-share unit owners. The municipality could also opt to enforce the collection of taxes through the standard property tax lien procedure.

Enacted law summary:

Public Law 2003, chapter 229 permits a municipality with a time-share tax ordinance to require the managing entity of a time-share project to pay the property taxes due with respect to the time-share estates that are a part of the project regardless of whether sufficient amounts were collected by the managing entity from time-share unit owners. The municipality could also opt to enforce the collection of taxes through the standard property tax lien procedure.

LD 314

Resolve, To Study the Property Valuation Process

ONTP

Sponsor(s)
BULL
EDMONDS

Committee Report
ONTP

Amendments Adopted

LD 314 was a concept draft that proposed to review the process of property valuation that is in place to effectuate the constitutional requirement that property taxes be apportioned and assessed equally and according to just value to ensure that the process of property valuation is carried out equitably and efficiently, and to propose changes to improve the functioning of the process.

LD 320

An Act Concerning Counties' Share of the Real Estate Transfer Tax

ONTP

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

LD 320 proposed to increase the portion of the real estate transfer tax that is retained by the county by 1% in 2004, 2% in 2005, 3% in 2006, 4% in 2007 and 5% in 2008, to a maximum of 25% from the current level of 10%.

LD 345

An Act To Reinstate a Milk Handling Fee

CARRIED OVER

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

LD 345 proposes to reinstitute the milk handling tax, which was in effect in 1995 and 1996, at the rate of 8¢ per quart on all milk handled for retail sale in Maine. The tax would be paid on a monthly basis by the wholesale handler or, if there was none, by the retail handler. Proceeds of the tax would be paid to the State's General Fund for general purposes of State Government and would not be dedicated to any particular purpose. The bill also proposed to repeal the tax on January 1, 2005.

LD 345 was carried over the Second Regular Session to permit time to assess the effectiveness of other measures to assist the dairy industry.

LD 347

An Act to Amend School Administrative District Cost-sharing and County Tax Apportionments to Recognize the Value of Property in Municipal Tax Increment Financing Districts

ONTP

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

LD 347 proposed to require that the assessed value of any sheltered property in a municipal tax increment financing district be included in the state valuation when determining a municipality's share of the school administrative district's total education expenditures and county tax assessment.

LD 378

An Act to Enhance the Maine Earned Income Tax Credit

ONTP

<u>Sponsor(s)</u> RICHARDSON, J TREAT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 378 proposed to expand the Maine earned income tax credit by increasing it to 30% of the federal credit and by making it refundable. See also LDs 1394 and 1395 and LD 1319 summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

LD 382

An Act to Enhance the Maine the Maine Residents Property Tax Program

ONTP

<u>Sponsor(s)</u> RICHARDSON, J STANLEY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 382 proposed to expand eligibility and benefits under the Maine Residents Property Tax Program. "Rent constituting property taxes accrued for a nonelderly household" would be increased from 18% to 25% of gross rent. Income eligibility limitations would be increased to \$39,000 for single-member households and \$60,000 for multiple-member households. Reimbursement would be made available for 50% of property taxes between 3% and 6% of income and 100% of property taxes over 6% of income. The maximum benefit would increase from \$1,000 to \$6,000.

LD 403

An Act To Amend the Laws Governing the Deduction of Pension and Retirement Benefits from State Income Tax

ONTP

<u>Sponsor(s)</u> GAGNON SIMPSON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 403 proposed to increase the deduction to \$8,000 beginning January 1, 2004 and \$1,000 each subsequent year until the amount of the deduction is \$17,000 in 2013. In 2014 and after the deduction would have increased to \$20,000.

LD 436

An Act To Create a Minimal Excise Tax for Farm Trucks

ONTP

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

LD 436 was a concept draft that proposed to create a minimal excise tax for farm trucks that are at least 5 years old and are used solely for seasonal agricultural purposes

LD 445

An Act To Facilitate Farmer Participation in the Land for Maine's Future Program

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SMITH, M KNEELAND	ONTP	

LD 445 proposed to allow a farmer to reduce the farmer’s adjusted gross income for income tax purposes by the amount received for sale of development rights under the Land for Maine’s Future program.

LD 447

An Act To Exempt from Sales Tax the Sales of Adaptive Equipment To Make a Vehicle Handicapped Accessible

ONTP

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

LD 447 proposed to exempt from sales tax the sales of adaptive equipment to a disabled person or a disabled person's family member for installation in or on a motor vehicle to make the vehicle accessible by a disabled person. Under current law, adaptive equipment installed on a motor vehicle owned by a disabled person to make the vehicle operable or accessible by a disabled person is exempt from the excise tax.

LD 451

An Act To Clarify Tax Appeal Procedures

PUBLIC 242

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE	OTP-AM	H-310

LD 451 proposed to permit a taxpayer appeal to Superior Court of a reconsideration decision of the State Tax Assessor to raise facts, arguments or issues that were not raised during the reconsideration proceeding.

Enacted law summary:

Public Law 2003, chapter 473 allows a need-based scholarship granting organization possessing endowments with a value at least \$1,000,000 to be designated as a qualified scholarship organization for purposes of certain tax credits if the organization demonstrates that the it awards an amount equal to 100% of the amount of funds eligible for the tax credit received during the preceding calendar year and that administrative expenses for the endowments do not exceed 2% of the value of the endowments. This chapter also removes the requirement that a recipient sign a pledge indicating an intent to return to Maine and instead requires the qualified scholarship organization to either require such a pledge or to demonstrate that it offers outreach activities designed to encourage scholarship recipients to reside in Maine following graduation.

LD 504

An Act To Strengthen the Taxpayer Bill of Rights

ONTP

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

LD 504 proposed to ensure that the Department of Administrative and Financial Services, Bureau of Revenue Services abides by the Taxpayer Bill of Rights statement issued under the Maine Revised Statutes, Title 36, section 112, subsection 7-A, and not engage in coercive or abusive practices in its dealings with taxpayers. The bill would permit a taxpayer to complain about treatment to the director of the appellate division of the Bureau of Revenue Services and, subsequently, to the Superior Court, if necessary. Among the remedies provided for failure to follow the required safeguards in dealing with a taxpayer is reimbursement of costs, including attorney's fees, to the taxpayer.

LD 505

An Act To Promote Maine Farm and Dairy Products in Place of Soft Drinks in Public Schools and To Create a Maine Residency Program for New Dentists

ONTP

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

LD 504 proposed to establish a tax on the distribution, manufacture and wholesale of soft drinks and soft drink products. One half of the revenue from the tax would be distributed to schools that prohibit the advertising and sale of soft drinks and candy and that sell Maine dairy and farm products. The other 1/2 of the revenue would be used to establish dental residency programs at one or more qualifying Maine hospitals.

LD 514

An Act To Increase the Personal Income Tax Exemption

ONTP

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

LD 514 proposed to amend the State's income tax law to increase the amount of each personal exemption from \$2,850 to \$5,500.

LD 521

An Act To Clarify That the Application Process for the Homestead Property Tax Exemption Is a One-time Process

PUBLIC 13

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

LD 521 proposed to clarify that the application for the Maine resident homestead property tax exemption is a one-time process and the exemption continues for that owner until the assessor determines that the property is no longer eligible for the exemption.

Enacted law summary:

Public Law 2003, chapter 13 clarifies that the application for the Maine resident homestead property tax exemption is a one-time process and the exemption continues for that owner until the assessor determines that the property is no longer eligible for the exemption.

LD 526

An Act To Ensure Domestic Tranquility

ONTP

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

LD 526 proposed to impose a \$1 fee on each telemarketing call made by out-of-state telemarketers to residential telephone subscribers in this State. The revenues from this fee would be deposited in the General Fund.

LD 530

An Act To Bring Equity to the Vehicle Excise Tax

ONTP

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

LD 530 proposed to require that the excise tax for all motor vehicles and campers be based upon the purchase price of the vehicle rather than the maker’s list price. Either the original bill of sale or the state sales tax document could be used to certify the purchase price. See also LD 204.

LD 542

Resolve, To Reduce the State Valuation for the Town of Hermon

RESOLVE 81

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL TREADWELL	OTP-AM	S-101

LD 542 proposed to authorize the Town of Hermon to seek an adjustment of its state valuation for the year 2003 without meeting the August 1st filing deadline set forth in current law.

Committee Amendment “A” (S-101) proposed a mechanism for adjustment of general purpose aid to local schools for the Town of Hermon if an adjustment is made to its 2003 state valuation.

Enacted law summary:

Resolve 2003, chapter 81 authorizes the Town of Hermon to seek an adjustment of its state valuation for the year 2003 without meeting the August 1st filing deadline set forth in current law and provides a mechanism for adjustment of general purpose aid to local schools for the Town of Hermon if an adjustment is made.

LD 545

An Act To Provide Federal Civil Service Retirees the Same State Income Tax Protection as Federal Military Service Retirees

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EDMONDS SMITH, W	ONTP	

LD 545 proposed to allow retirees receiving retirement benefits under the federal Civil Service Retirement System to deduct up to \$6,000 of those retirement benefits from their adjusted gross income on their state income tax return without having to offset that deduction by any Social Security benefits they are also receiving.

LD 551

An Act To Suspend Property Tax Abatement Appeals When the Taxpayer Fails To Pay Taxes

**PUBLIC 72
EMERGENCY**

Sponsor(s)
STANLEY
CLARK

Committee Report
OTP

Amendments Adopted

LD 551 proposed to amend the law relating to appeals of property tax abatement requests, in municipalities that do not have a board of assessment review, for property with a valuation of at least \$500,000 to clarify that the appeal process is suspended if the taxpayer is delinquent in paying taxes due after the year that is the subject of the abatement request being appealed when the taxes are not paid by the due date or according to a payment schedule mutually agreed to in writing by the taxpayer and the municipal officers. The changes proposed by this bill are identical to changes made to the Maine Revised Statutes, Title 36, section 843, subsection 4 by Public Law 2001, chapter 436, which applied to municipalities that have a board of assessment review.

Enacted law summary:

Public Law 2003, chapter 72 amends the law relating to appeals of property tax abatement requests, in municipalities that do not have a board of assessment review, for property with a valuation of at least \$500,000 to clarify that the appeal process is suspended if the taxpayer is delinquent in paying taxes due after the year that is the subject of the abatement request being appealed when the taxes are not paid by the due date or according to a payment schedule mutually agreed to in writing by the taxpayer and the municipal officers. The changes enacted in this bill are identical to changes made to the Maine Revised Statutes, Title 36, section 843, subsection 4 by Public Law 2001, chapter 436, which applied to municipalities that have a board of assessment review.

Public Law 2003, chapter 72 was enacted as an emergency measure effective April 18, 2003.

LD 555

An Act To Increase the Maine Income Tax Deduction for Benefits Received Under the Maine State Retirement System

ONTP

Sponsor(s)
PARADIS
GAGNON

Committee Report
ONTP

Amendments Adopted

LD 555 proposed to increase the amount of the income tax deduction for retirement benefit income received by retirees in the Maine State Retirement System to \$10,000 annually.

LD 559 **An Act To Increase the Value of a Parsonage That is Exempt from the Property Tax** **ONTP**

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

LD 559 proposed to increase the property tax exemption for parsonages from \$20,000 to \$100,000 and provide that the limit be adjusted annually for inflation.

LD 567 **An Act To Prohibit Government-subsidized Competition with Lodging Establishments** **ONTP**

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

LD 567 proposed to prohibit the use of municipal tax increment financing for a lodging facility.

LD 572 **An Act To Change the Process of Enforcement of a Municipality's Obligations to a School Administrative District** **PUBLIC 212**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BUNKER GAGNON	OTP-AM	H-251

LD 572 proposed to repeal current law that allows a school administrative district to issue a warrant to seize and sell the real and personal property of any inhabitant of a municipality that has failed to pay its school tax levy to the district. In its place, the bill proposed to establish a priority lien on the real estate of the municipality that has failed to pay its tax to the district.

Committee Amendment “A” (H-251) proposed to replace the bill. It proposed to update the procedures for enforcement by the treasurer of a school administrative district or a community school district when a municipal treasurer fails to pay monthly installments due to the district. The new procedure proposed to authorize the district treasurer to file an action in Superior Court to recover amounts due, interest, court costs and attorney's fees. The court could order the diversion of state-municipal revenue sharing and tax reimbursements due to the municipality and may attach municipal property and other assets to satisfy the payment due the district.

LD 583

**An Act To Amend the Laws Governing the Deduction of Pensions,
Retirement Benefits and other Income from State Income Tax**

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLOUGH BENNETT, R	OTP-A	H-534

LD 583 proposed to increase the deduction to \$8,000 for tax years beginning January 1, 2003 and then by \$1,000 each subsequent year until 2008. Beginning with tax years beginning January 1, 2008, the deduction would have been increased by \$1,500 per year until 2012, when the amount of the deduction would be \$18,000. Beginning with tax years beginning January 1, 2012, the amount of the deduction would be equal to the amount of the maximum federal tax exemption for social security benefits reduced by any social security benefits actually received by the taxpayer. This bill also proposed to include interest, ordinary dividends and capital gains within the definition of retirement income included in the calculation of the income tax deduction for retirement income if those items were taxable in this State and at least one taxpayer included on the tax return was at least 65 years of age.

Committee Amendment "A" (H-534) proposed to expand the sales tax exemption for nonprofit organizations providing temporary residential accommodations to critically ill pediatric patients and cancer patients and their families to include organizations that provide food or lodging to hospital patients or their families. See also LD 154.

LD 583 died on the Special Appropriations Table.

LD 587

**An Act To Repeal the Sales Tax on All Over-the-counter
Medications**

ONTP

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

LD 587 proposed to exempt from sales tax the sale of all over-the-counter medicine for humans.

LD 588

An Act To Expand Eligibility for the "Circuit Breaker" Program

ONTP

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

LD 588 proposed to increase the income limitation for benefits under the so-called "circuit breaker program" to \$48,189 for single-member households and \$75,000 for households with 2 or more members. This bill also proposed to raise the maximum allowable rebate from \$1,000 to \$3,000.

LD 600

An Act To Change the Filing Dates on Real Estate Liens

ONTP

<u>Sponsor(s)</u> LAFOUNTAIN, III SULLIVAN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 600 proposed to require that for municipalities with a fiscal year that begins on July 1st, the notice of a property tax lien be sent to the owner of the property as of July 1st after the date of assessment of the taxes rather than the owner of record as of April 1st. See also LDs 259 and 261.

LD 601

An Act To Encourage Earlier Tax Refunds

ONTP

<u>Sponsor(s)</u> NASS BOWLES	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 601 proposed to shorten the time period for the State to make income tax refunds without being required to pay interest from 3 months to 45 days.

LD 613

An Act To Allow Vendors to Retain a Portion of Sales Tax They Collect to Cover Costs

ONTP

<u>Sponsor(s)</u> LEMONT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 613 proposed to permit persons that are required to register under Maine's sales and use tax law to deduct and retain an amount equal to up to 1% of the sales and use taxes they collect, but not exceeding \$50 per month, as reimbursement for the expenses they incur in the collection of sales and use taxes on behalf of the State.

LD 643

An Act To Provide a Property Tax Exemption to All Veterans of the United States Armed Forces

ONTP

<u>Sponsor(s)</u> LEDWIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 643 proposed to amend the \$5,000 property tax exemption provided to a veteran who served in the Armed Forces of the United States to remove the eligibility requirements that the veteran served during a federally recognized war period or that the veteran be totally disabled. Under this bill, a veteran of the Armed Forces of the United States would be eligible to receive a property tax exemption if the veteran served at least 2 years and has reached the age of 62 or the veteran is totally disabled.

This bill also proposed to amend the current \$47,500 property tax exemption for specially adapted housing for paraplegic veterans to remove the requirement that the veteran served in the Armed Forces of the United States during a federally recognized war period. See also LD 1.

LD 654

An Act To Establish a Flat Tax Rate for the Maine Income Tax

ONTP

<u>Sponsor(s)</u> CRESSEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 654 proposed to change the existing graduated income tax into a flat rate tax effective for tax years beginning on or after January 1, 2004.

LD 681

An Act To Amend the Law Pertaining to Tax Exemptions for Public and Private Pensions

ONTP

<u>Sponsor(s)</u> DAVIS, G STANLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 681 proposed to exempt benefits received under the Maine State Retirement System from the social security benefit offset.

LD 726

An Act to Eliminate the Maine Sales Tax on United States Flags

ONTP

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

LD 726 proposed to exempt the sale of the United States flag from sales tax. This bill also proposed to prohibit a person convicted under federal law of burning a United States flag in a protest from being eligible for this exemption.

LD 746

**An Act To Adopt a Streamlined Sales and Use Tax Agreement
That Allows for Local Option Taxes**

CARRIED OVER

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

LD 746 is a concept draft that proposes to adopt the model sales and use tax proposal adopted on November 12, 2002 by the national Streamlined Sales Tax Project. The Streamlined Sales Tax Project is a multistate effort to simplify state sales tax laws so that they are more comprehensible to consumers and easier to administer by retailers, including mail order and Internet retailers. Under the model act, states would retain the right to determine whether to tax any item and to set the rate of tax, as well as the right to authorize local option sales taxes. The model act would make consistent among participating states the definitions of items, and each taxing jurisdiction would have only one tax rate rather than multiple rates for different taxable items.

LD 753

**An Act To Facilitate the Application Process for the Maine
Residents Property Tax Program**

ONTP

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

LD 753 proposed to lengthen the period for filing for the Maine Residents Property Tax Program. Claimants could file between August 1st and April 15th of the following year.

The bill also proposed to require the Bureau of Revenue Services within the Department of Administrative and Financial Services to advertise and promote the program.

LD 756 **An Act To Provide an Income Tax Credit for Tuition Paid to Private Schools** **ONTP**

<u>Sponsor(s)</u> SHERMAN WESTON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 756 proposed to allow an income tax credit of up to \$1,000 for tuition paid to a private school for a taxpayer or a dependent of the taxpayer.

LD 761 **An Act To Create an Agricultural Property Tax Reimbursement Program** **ONTP**

<u>Sponsor(s)</u> MILLS, P		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 761 proposed to establish the Maine Agricultural Property Tax Program. Under the bill, a commercial dairy farm would have been entitled to reimbursement from the State of 50% of its eligible property taxes.

LD 773 **An Act To Expand the Revenue-generating Authority of Municipalities** **ONTP**

<u>Sponsor(s)</u> LEMOINE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 773 was a concept draft that proposed to grant general authority to local governments to expand their power of taxation beyond property tax, including, but not limited to, taxes on sales, amusements and wages.

LD 781 **An Act To Repeal the Reimbursement of Personal Property Tax on Business Machines and Equipment** **ONTP**

<u>Sponsor(s)</u> GOODWIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 781 proposed to repeal the Business Equipment Tax Reimbursement program, which provides reimbursement for personal property taxes paid on certain business property.

LD 783

An Act To Make the Business Equipment Tax Reimbursement Program a Local Option

ONTP

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

LD 783 proposed to repeal the Business Equipment Tax Reimbursement program that provides state reimbursement of property taxes paid on business personal property.

This bill proposed to allow a municipality to adopt a local option business equipment tax reimbursement program in which the municipality would reimburse the business for property taxes paid on business equipment located in that municipality. The municipality could reimburse any portion of the taxes paid, up to 100%. The municipality could restrict the program to certain types of business equipment, specific areas of the municipality or certain types of business.

LD 784

RESOLUTION, Proposing an Amendment to the Constitution of Maine To Allow the Legislature To Establish a Different Property Tax Rate for Secondary Residential Property for Purposes of Education Funding and To Protect State Funding of Education

ONTP

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

LD 784 proposed to amend the Constitution of Maine to permit the Legislature to establish a different tax rate for secondary residential property for the purpose of funding public education from kindergarten to grade 12, to establish the Education Funding Stabilization Fund dedicated to providing a stable source of state revenue to support kindergarten to grade 12 education and to dedicate additional sales tax revenue enacted as a result of a referendum to support kindergarten to grade 12 education unless otherwise appropriated by a 2/3 vote of each House of the Legislature. See related bill, LD 1141.

LD 801

RESOLUTION, Proposing an Amendment to the Constitution of Maine To Require a Vote of 2/3 of Each House of the Legislature To Enact or Increase a Tax

ONTP

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

LD 801 proposed a constitutional resolution that would require approval of 2/3 of each House of the Legislature to enact or increase taxes or license fees or repeal existing tax exemptions except when inadequate funds had been appropriated for debt payment.

LD 810

An Act To Increase the Maine Lodging Tax

ONTP

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

LD 810 was a concept draft that proposed to increase the lodging tax.

LD 855

An Act To Establish Minimum Standards of Eligibility for the Property Tax Exemption for Benevolent and Charitable Institutions

ONTP

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

LD 855 proposed to permit a property tax exemption to a nonprofit benevolent and charitable institution only if it donates or renders gratuitously a substantial portion of its services. The charitable organization could meet that standard in one of the following ways:

1. The institution could provide goods and services to all who seek them without regard to ability to pay;
2. The institution could provide goods and services for fees that are based on the recipients' ability to pay;
3. The institution could provide wholly gratuitous goods and services to least 5% of those receiving similar goods and services from the institution;
4. The institution could provide uncompensated goods or services that in the aggregate are equal to at least 5% of the institution's cost of providing goods or services; or
5. The institution could provide goods or services at no fee or a reduced fee to nonprofit agencies or individuals eligible for government programs.

LD 858

**An Act To Establish a Municipal Affordable Housing
Development District Tax Increment Financing Program**

PUBLIC 426

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS, P	OTP-AM ONTP	H-412

LD 858 proposed to create a separate tax increment financing law for affordable housing development districts. The bill proposed a process similar to that currently available to municipalities to designate development districts for economic development purposes except that the affordable housing program would be administered by the Maine State Housing Authority.

Committee Amendment “A” (H-412) proposed that the affordable housing development program would require the ongoing affordability for at least 10 years for owner-occupied units and 30 years for rental units. The amendment proposed to add a requirement that the development be primarily a residential development on which at least 33% of the dwelling units were affordable and provided that captured assessed value located within an affordable housing development district must be excluded from a municipality's state valuation. See also LD 202.

Enacted Law Summary:

Public Law 2003, chapter 426 creates a separate tax increment financing law for affordable housing development districts. This chapter creates a process similar to that currently available to municipalities to designate development districts for economic development purposes except that the affordable housing program would be administered by the Maine State Housing Authority. Captured assessed value within an affordable housing tax increment financing district would be sheltered by being excluded from the municipality’s state valuation and, therefore, would not result in the reduction of state distributions to a participating municipality.

LD 868

**An Act To Immediately Eliminate the Marriage Penalty under the
Income Tax Laws**

ONTP

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

LD 868 proposed to provide that the standard deduction for married persons filing joint returns and surviving spouses permitted to file joint returns is twice the amount for persons filing as single individuals. The deduction would not apply to individuals who file joint returns and are also included as dependents on the return of another taxpayer. The standard deduction for heads of households would be 150% of the amount for single individuals.

LD 916

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Limit Present-home Property Taxes**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS, G PAMELA, PH	ONTP	

LD 916 proposed to amend the Constitution of Maine to require the Legislature to enact a law that prohibits municipalities from increasing property taxes by more than the rate of inflation for the prior year if the property is owned and resided in by the same owner.

LD 920

**An Act To Establish a Penalty on Gains from the Sale or Exchange
of Land from Which Timber Has Been Harvested**

ONTP

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

LD 920 proposed to create a tax on gains from the sale or exchange of “land for timber harvesting.” The tax would decline over a 10-year period and be related to the amount of gain as a percentage of the cost basis of the land. The tax would apply to land greater than 100 acres.

LD 937

**An Act To Require the Net Proceeds from the Sale of a Foreclosed
Property To Be Returned to the Former Owner**

ONTP

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

LD 937, modeled on the foreclosure proceedings initiated by a mortgagee, proposed to require a municipality that forecloses on residential real estate to return the excess funds, after subtracting the tax lien, interest, fees for recording the lien, costs of mailing notice, court costs and any other expenses incurred in disposing the real estate. Notice of the availability of the excess funds would be provided to the former owner within 30 days of sale of the real estate or 180 days of the foreclosure, whichever is sooner. If the former owner failed to claim the excess funds within 36 months, the municipality would be required to remit the excess funds to the Treasurer of State for credit to the General Fund.

This bill would have applied retroactively to January 1, 2000, thus requiring any municipality that has availed itself of the tax lien foreclosure process since that date to return any excess funds to the former owner. See also LD 251.

**LD 938 RESOLUTION, Proposing an Amendment to the Constitution of CARRIED OVER
Maine To Change the Assessment of Lands Used for Long-term
Ownership**

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

LD 938 together with LD 951, commonly referred to as the “Chebeague proposal,” proposes to permit land used for long-term ownership, or generational family ownership, to be assessed based on current use. A penalty could be imposed if the land were transferred outside of the immediate family or by other than a designated bequest. See related bill, LD 951.

**LD 940 RESOLUTION, Proposing an Amendment to the Constitution of ONTP
Maine To Cap the Property Taxes of Homes That Have Been in
the Same Family for 4 Generations**

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

LD 940 proposed to amend the Constitution of Maine to require the Legislature to enact a law that prohibits municipalities from increasing property taxes on real property that is held by members of the same family for at least 4 generations of that family. Property that was later subdivided or developed would become ineligible for the tax cap.

**LD 950 An Act Authorizing the Creation of Individual Medical Savings ONTP
Accounts**

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

LD 950 proposed to provide enabling legislation for health insurance carriers to offer medical savings accounts in conjunction with health insurance for policyholders in the individual health insurance market. Medical savings accounts would need to conform to the requirements for the accounts under federal law. Individuals with medical savings accounts would be eligible for a federal tax deduction for contributions to the accounts and would not be taxed for withdrawals used to pay qualified medical expenses. The bill proposed to make contributions to, interest earned on and qualified withdrawals from individual medical savings accounts exempt from Maine state income tax. The bill also proposed that the Department of Professional and Financial Regulation, Bureau of Insurance would provide technical assistance to those companies that offer medical savings accounts in conjunction with individual health insurance policies within the bureau's existing resources. The legislation would be repealed upon the repeal of federal legislation authorizing medical savings accounts. See also LD 256.

LD 951

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

CARRIED OVER

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

LD 951 together with LD 938, commonly referred to as “the Chebeague proposal,” proposes to provide property tax relief to property owners in the State. Under the bill, a voluntary Maine Land Bank and Community Preservation Program would be created for residential and nonresidential real estate. The program would apply to land only and not buildings. The base value of land would be determined by looking back 5 years to the assessed value of the land as adjusted by using the state-certified ratio for that year. The program proposes to include provisions requiring adjustments or penalties in cases when there was a change in ownership other than to a family member or by designated bequest or the land is withdrawn from the program. The entire bill would be subject to a statutory referendum and would be conditional upon an amendment to the Constitution of Maine passing at the next statewide election. See related bill, LD 938.

LD 966

An Act To Encourage the Payment of Delinquent Taxes

ONTP

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

LD 966 proposed to establish the Maine Tax Amnesty Program. The program was intended to encourage delinquent taxpayers, those that were delinquent in paying taxes due on or before April 15, 2003 to comply with the law. Incentives provided to encourage compliance were a waiver of criminal or civil prosecution and civil penalties, plus a 50% reduction of the interest owed. All funds obtained through the operation of this program would go directly to the General Fund. This bill was modeled on a similar program that was in effect in 1990.

A tax amnesty program was enacted in Part AA of the Part I budget bill. See LD 1319 summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

LD 975

An Act To Improve the Business Equipment Tax Reimbursement Program **CARRIED OVER**

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

LD 975 proposes to prohibit reimbursement of property taxes under the Business Equipment Tax Reimbursement program if the taxes were also reimbursed under a tax increment financing district agreement.

LD 977

An Act To Adjust Qualifications for the So-called "Circuit Breaker Program"

ONTP

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

LD 977 proposed that funds received from the National Council on Aging could not be included in determining income for purposes of eligibility the Maine Residents Property Tax Program, the so-called "circuit breaker" program.

LD 983

An Act To Phase Out the Tax on Business Equipment

ONTP

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

LD 983 proposed to provide a property tax exemption of 20% of the value of business property beginning April 1, 2005 and increase that exemption by the same amount each year until the business property is completely exempt beginning April 1, 2009. Under the requirements of the Constitution of Maine, Article IV, Part Third, Section 23, the State is required to reimburse each municipality 50% of the property tax revenue loss suffered by that municipality as a result of this bill.

This bill also proposed to repeal the business equipment tax reimbursement program in 2010, since business property is exempt from personal property taxation beginning April 1, 2009 and businesses currently have one year to file for reimbursement.

LD 996

An Act Allowing Municipalities To Retain a Percentage of Any Increase in the Sales and Use Tax

ONTP

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

LD 996 proposed to require the State Tax Assessor to pay to the governing body of a municipality 10% of the excess of sales and use tax revenues generated by retailers within that municipality over the sales and use tax revenues generated the prior year.

LD 997

An Act Allowing Municipalities To Create Property Tax Circuit Breaker Programs

ONTP

<u>Sponsor(s)</u> LEMONT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 997 proposed to authorize municipalities to establish, at their option, property tax relief programs, or so-called "circuit breaker" programs.

LD 1010

An Act To Exempt Military Pensions from State Income Tax

ONTP

<u>Sponsor(s)</u> MCLAUGHLIN DOUGLASS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1010 proposed to exempt from the state income tax all military pension benefits 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.

LD 1019

Resolve, To Create the Industrial Property Assessing Methods Group

ONTP

<u>Sponsor(s)</u> FLETCHER DAGGETT		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1019 proposed to require the State Tax Assessor to convene a group of experts in the field of assessing major industrial property for the purpose of developing recommendations regarding the application of standards and methods for the assessing of major industrial properties that must be deemed adequate and appropriate under a rebuttable presumption. The recommendations were to have been submitted to the Joint Standing Committee on Taxation no later than January 15, 2004.

LD 1031

An Act To Impose a Fee on Nonresidents Who Participate in Recreational Activities in the State

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAVERRIERE-BOUCHER	ONTP	

LD 1031 was a concept draft that would have imposed a “fee” on nonresidents of the State who participated in recreational amusement activities within the State. Under the bill, "recreational amusement activities" would have included skiing, bowling, movies, plays, concerts, carnivals, amusement parks and other entertainment activity for which a business charges admission for exhibition, amusement or recreation.

LD 1044

An Act Regarding Taxation inside the Passamaquoddy Indian Territory

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MOORE, F	ONTP	

LD 1044 proposed to establish the Passamaquoddy Indian territory as a tax-free zone and would have made certain activities conducted inside the Passamaquoddy Indian territory tax exempt.

LD 1060

An Act To Allow the State To Claim a Setoff against a Convicted Person's Tax Refund for Purposes of Paying Restitution

DIED ON ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ANNIS DAVIS, P	OTP-AM	H-236

LD 1060 proposed to allow the State to request a setoff against income tax refunds for a person convicted of murder or a Class A, B or C crime to fulfill restitution ordered by a court.

Committee Amendment “A” (H-236) proposed to delete an unnecessary section and provide that the setoff of restitution would be the 2nd priority after liquidated child support debts owed to the Department of Human Services.

This bill died on the Special Appropriations Table.

LD 1071

An Act To Encourage the Use of Clean Fuel Vehicles

ONTP

<u>Sponsor(s)</u> EDER	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1071 proposed to exempt from the sales tax 100% of the sale or lease price of a new hybrid gasoline-electric, fuel-cell or hydrogen-fueled vehicle and 100% of the cost allocated to the cost of conversion of a converted gasoline or diesel-fueled motor vehicle.

This bill also proposed to place a 5% surcharge on the purchase or lease for more than one year of a vehicle that did not attain at least 27.5 miles per gallon, as found in the so-called "CAFE standards." The surcharge would not apply to commercial motor vehicles.

LD 1080

An Act To Impose a Municipal Services Fee on Tax-exempt Property

ONTP

<u>Sponsor(s)</u> PELLON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1080 proposed to allow a municipality to charge an entity that is exempt from property tax for "direct benefit services" provided in that municipality, such as: fire and police protection; water and sewer services; trash collection and disposal; and public works department services, including sidewalk and road construction and maintenance. Only a tax-exempt entity that derives at least 50% of its annual revenue from charges such as service fees, rents, rates or tuitions imposed on a client group served by that tax-exempt entity, regardless of the source of those charges, would be charged for direct benefit services.

A tax-exempt entity otherwise subject to charges would be exempt if that tax-exempt entity expends 50% or more of its annual revenues to provide temporary housing, food, clothing or other services to individuals and families at or below the federal poverty level.

LD 1094

An Act To Replace the Sales Tax with a Gross Receipts Tax

ONTP

<u>Sponsor(s)</u> GAGNON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1094 was a concept draft that proposed to replace the State's sales tax with a gross receipts tax that had the following characteristics:

1. The tax would be modeled on the New Mexico gross receipts tax, but without the exemptions contained in that tax.

2. The tax would apply to the final sale of all products and services. Sales of products and services that are incorporated into a product or service for resale would not be exempt. Sales of products and services for resale would not be taxed. Sales by businesses that qualify as nonprofit organizations under Section 501(c)(3) of the federal Internal Revenue Code would be exempt.
3. The tax would be a tax paid by a business selling products or services based on the gross receipts of the business. Businesses would file monthly or quarterly returns with the Department of Administrative and Financial Services, Bureau of Revenue Services. The tax would not be separately stated at the time of sale.
4. The bill would provide different rates for different categories of businesses or sales.
5. The tax would contain a 1% local option tax to be used to reduce the property tax.
6. The tax would provide for a floating tax rate that will fluctuate within defined limits based on economy.

LD 1100

An Act To Amend the Foreclosure Process

ONTP

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

LD 1100 was a concept draft that proposed to amend the foreclosure of real estate laws to allow purchase up to 30 days before a foreclosure auction; and provide that a tax lien filed against real property subject to foreclosure was a personal lien against the owner and did not run with the land.

LD 1124

RESOLUTION, Proposing an Amendment to the Constitution of Maine To Allow Property Tax Reductions for Seniors

ONTP

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

LD 1124 was a resolution that proposed to amend the Constitution of Maine to allow municipalities to impose property taxes on homes owned by residents who were at least 62 years of age based on the average municipally assessed value of the home for the 5 prior years.

LD 1135

An Act To Provide a Tax Credit to Employers Who Contribute to Employee Health Care Benefits

ONTP

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

LD 1135 proposed to expand the income tax credit for certain small businesses that provide health insurance covering the dependents of low-income employees. The credit would be extended to employers with 10 or fewer employees, regardless of their income level. The credit would have been applicable to expenditures for health insurance for employees as well as dependents, and the maximum credit per employee or dependent would have been increased to \$1,000.

LD 1141

An Act To Provide Property Tax Relief for Maine Residents and Businesses and Implement Comprehensive Tax Reform

CARRIED OVER

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

LD 1141 proposes to provide for a statutory referendum designed to achieve tax relief for residents and businesses in the State and implement comprehensive tax and education funding reform. The bill proposes to provide property tax relief by establishing a cap on local property taxes of 12 mills on secondary residential property and 4 mills on all other property for the purpose of funding public education. Additional money for public education would have been raised from the property tax only if approved by the voters at a referendum.

The bill also proposes to provide property tax relief by expanding the tax and rent refund program, phasing out the tax on certain personal property and gradually eliminating the need for the business equipment tax reimbursement program. Education funding would be stabilized by setting aside a portion of unappropriated surplus for an Education Funding Stabilization Fund. Income tax relief would be provided by setting aside a portion of revenues in excess of estimates to be used to reduce income tax rates. The bill proposes to direct the Joint Standing Committee on Taxation to report legislation to the Second Regular Session to raise revenue necessary to meet the State's education funding obligation. The referendum questions would require the voters to indicate whether they would prefer raising the sales tax rate by 2 percentage points or by removing sales tax exemptions and increasing the rate by no more than one percentage point. The bill would take effect only if a majority of the voters approved at least one of the revenue options and if a constitutional amendment was also approved to permit different property tax rates for secondary residential property. See related bill, LD 784.

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

LD 1145 was a concept draft that proposed to impose a gross receipts tax of 0.5% on certain retail stores that were located outside of a downtown, as defined in the Maine Revised Statutes, Title 30-A, section 4301, subsection 5-A. The tax would have been imposed on retail stores that had retail floor space greater than 6,000 square feet, that were located with other stores in a common shopping facility containing retail floor space greater than 6,000 square feet or that were served by adjacent parking lots greater than 2 acres in aggregate size.

The bill proposed to establish the Maine Community Preservation Fund to receive the proceeds of the gross receipts tax. The fund would have been used for the following purposes in order of priority.

1. The fund would have been used to transfer up to \$2,000,000 per month into the Maine Milk Pool or any lesser amount that the Maine Milk Commission determined was necessary to compensate Maine dairy farmers for 50% of the difference between \$17 per hundredweight and the adjusted wholesale price of milk on a month-to-month basis, beginning with payments for each of the 3 months immediately preceding the effective date of the bill.
2. The fund would have been used to transfer \$500,000 per month into the Land for Maine's Future Fund beginning January 1, 2004. Payments made from January 2004 to June 2005 would first be applied to payments on bonds issued to support the fund.
3. The fund would have been used to transfer \$20,000 per month to the Downtown Leasehold Improvement Fund beginning in January 2004.
4. The fund would have been used to support an agricultural property tax program.
5. The fund would have been used to transfer money to a fund to support consumption of Maine milk, fruit and produce in Maine schools.
6. The fund would have been used to fund the geographic information system established by the Department of Administrative and Financial Services, Bureau of Information Services.
7. The fund would have been used to transfer money to small business development funds, increase the Municipal Investment Trust Fund, provide grants for comprehensive planning and plan implementation and support affordable housing.

LD 1147 **An Act To Shift Tax Burdens from Wages to Nonrenewable Power Sources** **ONTP**

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

LD 1147 proposed to establish, beginning January 1, 2004, a tax on the retail sale of electricity generated by the use of coal, oil or natural gas. Revenue from the tax would have been used to raise the amount of the income tax personal exemption.

LD 1151 **An Act Relating to Tax Credits for Historic Preservation** **ONTP**

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

LD 1151 would have permitted greater participation in the credit for rehabilitation of certified historic structures by permitting partnerships and Subchapter S corporations to allocate the state credit in a different way than the federal credit is allocated. The bill also proposed to delete a provision that requires recapture of the credit in the same manner as under the federal credit.

LD 1169 **An Act To Phase Out the Business Equipment Tax Reimbursement** **ONTP**

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

LD 1169 proposed to provide for the replacement of the business equipment tax reimbursement program over 4 years or longer with a property tax exemption for personal property that would be eligible for reimbursement under the business equipment tax reimbursement program. Municipalities would be reimbursed for 100% of the property tax revenue loss resulting from the exemption. Funding for municipal reimbursement would be set aside from the amount by which projected General Fund revenues exceeded the previous fiscal year's revenues adjusted for inflation. If excess revenues were not estimated to be sufficient for full funding, the percentage of exempt value would be adjusted to reflect the amount available for municipal reimbursement.

LD 1171

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Allow Municipalities To Assess 2nd Homes at up to
Twice the Valuation**

ONTP

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

LD 1171 was a resolution that proposed to amend the Constitution of Maine to require the Legislature to allow municipalities to impose an additional property tax on secondary residential property in an amount up to twice the mill rate imposed on primary residential property. The revenue raised by this tax would be divided equally among the taxing municipality, the General Fund and a program, such as the so-called "circuit breaker program," that provides property tax relief to elderly or low-income residents.

LD 1172

**An Act To Assist American Mills with Tree Growth Management
Plan Products**

ONTP

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

LD 1172 proposed to require that a portion of the timber harvested from land classified under the Maine Tree Growth Tax Law be sold or transferred to a mill located in the United States if the landowner owned at least 100,000 acres. The portion would have been at least 50% in 2004, 60% in 2005, 70% in 2006 and 80% in 2007 and subsequent years. The bill proposed to impose a penalty equal to the amount of the tax benefit if those percentages were not maintained.

LD 1178

**An Act To Create a Local Property Tax Rebate Program for the
Elderly**

ONTP

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

LD 1178 proposed to authorize municipalities to establish property tax rebate programs for elderly taxpayers on their principal place of residence.

LD 1204

An Act To Provide for Fairer Income Taxation

ONTP

<u>Sponsor(s)</u> STRIMLING	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1204 proposed to exempt from income tax persons whose taxable income is below the poverty line established for that tax year.

LD 1207

An Act To Amend the Sales and Use Tax Law Regarding the Food Service and Lodging Industries

ONTP

<u>Sponsor(s)</u> COWGER HALL	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1207 proposed to exempt sales of tangible personal property used in the production of prepared food or used in the operation of a hotel or rooming house from the sales tax. It also proposed to exempt sales of machinery and equipment used in the production of prepared food or used in the operation of a hotel or rooming house from the sales tax.

LD 1208

An Act To Provide Property Tax Relief to Maine Citizens Who Meet Certain Guidelines

ONTP

<u>Sponsor(s)</u> ANDREWS LEMONT	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1208 proposed to require a municipality to establish a municipal property tax deferral program. The program would have allowed a resident who was at least 65 years of age and whose annual income was not more than 300% of the poverty level to pay property taxes on that person's residential property at the rate that was in effect on that person's 65th birthday. The assessment would remain at that level until the residence was sold or transferred or the person elected to stop participating in the program. At that time, all property taxes assessed on the property but deferred because of participation in the program would have to be paid to the municipality.

In order to offset the temporary loss of revenue caused by persons participating in the program, the municipality could, upon approval of its voters, impose an additional assessment upon residential property. The revenue from the additional assessment would be kept in a dedicated escrow account and used solely for the purpose of offsetting the loss of revenue.

LD 1209

**An Act To Conform the State Compromise of Tax Liability
Procedure with Federal Procedures**

ONTP

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

LD 1209 proposed to replace the current law regarding the ability of the State Tax Assessor to compromise a tax liability. This bill proposed to:

1. Allow the assessor to compromise any tax liability;
2. Require the general counsel for the Bureau of Revenue Services to review and explain the reason for the offer of compromise if the amount owed, including interest and other added amounts, is at least \$50,000;
3. Require the assessor to maintain a report showing the specifics of the compromise, including the amount assessed and the amount actually paid under the compromise;
4. Require the assessor to establish guidelines to be used by officers and employees of the bureau in determining whether to grant offers in compromise and the amount that must be retained by the taxpayer making the offer in compromise in order to provide for basic living expenses; and
5. Allow the Attorney General to compromise the tax liability of any civil or criminal case that is referred to the Attorney General for prosecution or defense.

LD 1217

An Act To Enhance the Collection of Tax Arrearages

ONTP

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

LD 1217 proposed to repeal the current process for the collection of tax arrearages and instead would enact a process similar to the process for the collection of federal taxes, including establishing a 10-year period of limitations for the assessment or collection of taxes. The period of limitations would be stayed by certain events, such as bankruptcy and the taxpayer being outside of the United States.

LD 1235

An Act To Provide Property Tax Relief to Maine Resident Homeowners

ONTP

<u>Sponsor(s)</u> WOODBURY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1235 proposed to provide property tax relief to Maine resident homeowners. This would have been accomplished as follows.

1. Expand circuit breaker eligibility. This bill proposed to expand the income eligibility for participation in the Maine Residents Property Tax Program to single-member households with household income less than \$59,100 and households with 2 or more members with a household income less than \$90,100.
2. Increase amount of benefit. The maximum benefit under the circuit breaker program would be increased from \$1,000 to \$1,500 beginning in 2004, and would increase \$250 each year until 2010, when the maximum benefit would reach \$3,000.
3. Statewide real property tax. To fund the increased eligibility and benefits under the circuit breaker program, this bill would impose a statewide tax on real property. The State Tax Assessor would administer the tax. The rate would be set at 4 mills of the just value of property beginning in 2004 and would increase by one mill each year until the mill rate reaches 10 mills beginning in 2010. The first \$1,000,000 of just value of a home owned by a resident would be exempt from the property tax, similar to the current exemption under the Maine resident homestead property tax exemption program.

LD 1247

An Act To Lower the Tax on Prepared Food from 7% to 5%

ONTP

<u>Sponsor(s)</u> SNOWE-MELLO BLAIS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1247 proposed to lower the sales tax on prepared food from 7% to 5%.

LD 1249 **An Act To Amend the Laws Governing the Quality Child Care Tax Credit** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SIMPSON DOUGLASS	OTP-AM	H-480

LD 1249 proposes to provide that a taxpayer that made an investment in child care services certified under the Maine Revised Statutes, Title 36, section 5219-Q during the tax year would be eligible for the tax credit provided in that section. A taxpayer would not be required to own or operate a child care site to be eligible for the tax credit.

Committee Amendment “A” (H-480) proposed to make contributions to quality child care services eligible for the credit.

LD 1249 was placed on the Special Appropriations Table and carried over by the Joint Standing Committee on Appropriations and Financial Affairs.

LD 1258 **An Act To Ensure Appropriate Education for Health Care Workers** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY, A EDMONDS	ONTP	

LD 1258 proposed that persons providing direct health care, whether in a licensed health care facility or as part of home health care, must be a certified nursing assistant. The bill proposed procedures to implement the certification requirement and an increase in the sales tax on bottled soda to 10%, with ½ of the money earmarked for the Department of Education, to support certified nursing assistant training courses.

LD 1270 **An Act To Increase the Viability of the Dairy Farming Industry** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TWOMEY HATCH, PH	ONTP	

LD 1270 was a concept draft that proposed to tax large retail stores and use the proceeds to aid the dairy farming industry. Under this bill, a tax would be imposed on so-called "big box" stores. Funds collected pursuant to the tax would be dedicated to a fund that would be disbursed to dairy farms to cover the true costs of production of milk by the first 44 cows owned by that dairy. This amount would have been equal to \$22.81 per hundred pounds of milk. Under the bill, no disbursements would have been made with respect to milk produced after the first 44 cows.

LD 1299

An Act To Fully Fund Local Education with Sales Tax Revenues

ONTP

<u>Sponsor(s)</u> GOODWIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1299 proposed that the State fund 100% of the cost of education for students in kindergarten to grade 12 and would have required the State Budget Officer to submit legislation to fund the requirement through the sales tax.

LD 1313

An Act To Permit a Limited Local Option Sales Tax

ONTP

<u>Sponsor(s)</u> MILLS, P DAMON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1313 proposed to permit municipalities to adopt by referendum a 1% or 2% local sales tax on prepared food and lodging. The property tax base of a municipality collecting the local option sales tax would be adjusted for purposes of state distributions for education and revenue sharing and apportionment of county taxes to reflect a property tax equivalent for the additional revenues. The bill proposed to require a similar adjustment for motor vehicle and watercraft excise taxes.

LD 1320

An Act To Extend Tax Increment Financing Zones To Include the Development of Large-scale Affordable Housing

ONTP

<u>Sponsor(s)</u> EDER		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1320 was a concept draft that proposed to permit a municipality to authorize creation of tax increment financing zones to promote development and construction of affordable housing. Under the bill, affordable housing would focus on building up rather than out, with an emphasis on mitigating sprawl. See also LD 858.

LD 1330

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Provide Property Tax Relief for Maine Seniors**

ONTP

<u>Sponsor(s)</u> BLAIS CAMPBELL	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1330 proposed to amend the Constitution of Maine to allow municipalities to impose property taxes on a home owned by a resident aged 65 or older whose income was at or below median income at a level equal to the property taxes assessed on that home at the time the person attained 65 years of age.

LD 1331

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Allow Real Estate To Be Valued Differently Based on
the Residence of the Owner**

ONTP

<u>Sponsor(s)</u> TURNER	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1331 proposed to amend the Constitution of Maine to require the Legislature to require municipalities to freeze the value of property owned by permanent residents of Maine for property tax purposes. At the time of transfer to a non-Maine resident, the valuation of the property would increase to the amount of the just value. A Maine resident who purchased the property would assume the valuation of the shelter in place on the date of the transfer.

LD 1333

**An Act To Allow Municipalities To Provide Property Tax Relief
through a Local Option Sales Tax**

ONTP

<u>Sponsor(s)</u> STRIMLING	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1333 proposed to allow municipalities to impose a 1% local option sales and use tax. Revenue from the tax, after the deduction of administrative costs, would be divided between the municipality and the county in which the municipality was located on a 75% / 25% basis, respectively.

A municipality would use the revenue generated by the local option sales and use tax 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, could not be decreased below a level that was 1% higher than the previous year's property tax rate, then the bill would require a 2/3 vote of the governing body of the municipality to pass the budget containing the higher tax rate.

LD 1337

An Act To Stabilize the Maine Dairy Industry, Protect Consumers against Price Gouging on Milk and Eliminate the BETR/TIF Double Dip

ONTP

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

LD 1337 proposed to prohibit the sale of milk for unconscionably excessive prices. This bill also proposed to amend the business equipment tax reimbursement program to eliminate payment for taxes that are returned to a taxpayer due to participation in a municipal development district and to appropriate funds from the General Fund to the Maine Milk Commission.

LD 1338

An Act To Reform the Tax Laws

ONTP

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

LD 1338 proposed to provide for a local option sales and use tax and a local option income tax at the same rates as and as a substitute for the state sales and use tax and income tax, to be approved by municipal referendum. The general purpose aid for local schools that a municipality receives from the State would be reduced by the amount the municipality received through the local option taxes. If a municipality received more through the local option taxes than the amount the municipality would have received through the general purpose aid for local schools, then the municipality would need to reduce property taxes by the excess amount, applied pro rata to all of the taxable property in the municipality.

LD 1372

An Act To Enact the School Finance Act of 2003

INDEF PP

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

LD 1372 was a citizen-initiated bill that proposed to require the State to provide at least 55% of the total state and local cost of kindergarten to grade 12 public education, including 100% state support for special education services mandated by state and federal law.

Two percent of the annual state appropriation for education required by this initiated bill would be dedicated to the Fund for the Efficient Delivery of Education Services, which is dedicated to providing incentive-based resources to those school administrative units or municipalities that would effect certain system changes that provide significant and sustainable cost savings in the delivery of educational services.

The Fund for the Efficient Delivery of Local and Regional Services is established within the Local Government Fund, which is the fund from which state-municipal revenue sharing is distributed. This fund would be capitalized by setting aside 2% of the sales and income tax revenue that would otherwise be distributed according to the revenue-sharing formula. This 2% would be distributed to those municipalities that could demonstrate cost savings in the delivery of local and regional governmental services through collaboration with other local and regional governments and participating state agencies. This initiated bill would direct the Legislature to develop the necessary implementing legislation to fully implement the Fund for the Efficient Delivery of Education Services and the Fund for the Efficient Delivery of Local and Regional Services.

This initiated bill also proposed to direct the Legislature to develop the necessary implementing legislation to provide for the necessary state revenue to meet the State's obligation to support public education without undermining existing municipal support systems such as municipal revenue sharing, the property tax homestead exemption and local road assistance, among others.

Finally, this initiated bill would direct the Legislature to develop a comprehensive plan as soon as possible but no later than March 1, 2004 that integrates the efforts of state, county and local government and schools to reduce unnecessary spending, identify cost savings in the delivery of governmental services and otherwise address the issue of the overall tax burden in this State.

LD 1394

An Act To Modernize the State's Tax System

CARRIED OVER

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

LD 1394, Part A, proposes to affect the Maine Residents Property Tax Program, the so-called "circuit breaker program," by reducing the tax-to-income threshold initially to 3%, phasing in an additional decrease of .5% over a 4-year period; increasing the maximum rebate to \$6,000; increasing the income limits for single-member households and households with 2 or more members to \$45,000 and \$75,000, respectively; increasing the renter rebate to 25%; and allowing persons to use the income tax form to file for a refundable credit.

Part B proposes to increase from 5.1% to 8.5% the percentage of sales and income tax revenues transferred to the Local Government Fund for revenue sharing.

Part C proposes to reform the income tax by increasing the personal exemption amount to equal the federal amount, increasing the earned income credit and making it refundable and creating a 10% income tax bracket for income of \$100,000 or more for single filers, \$150,000 or more for persons filing as heads of household and \$200,000 for persons filing married joint returns.

Part D proposes the following:

1. To expand the definition of "taxable services" for purposes of the imposition of sales tax to include amusement and recreational, business, personal and professional services;

2. To eliminate the sales tax exemption for sales of short-term publications. It also proposed to limit the exemption on funeral services and repeal the exemption on coin-operated vending machine sales; and
3. To require the joint standing committee of the Legislature having jurisdiction over taxation matters to review annually the additional sales tax revenue collected, as well as the annual cost of reimbursing municipalities as required. Any such revenue collected in excess of the reimbursement obligation would be used to reduce the tax burden on Maine citizens.

Part E proposes to increase the sales tax on lodging from 7% to 10%.

Part F proposes to reform the business equipment tax reimbursement program (BETR) by limiting state reimbursement to 70% of the taxes paid on eligible property reduced by the amount of tax reimbursement received for the property through a tax increment financing agreement.

Part G proposes that, for property first placed in service in property tax years beginning after April 1, 2003, property used in, or in support of, the provision of a nonqualified service or a retail sales facility would not be eligible for BETR reimbursement.

LD 1395 An Act for Comprehensive Reform of Maine's Tax Structure ONTP

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

LD 1395 proposed to provide for comprehensive reform of the State's tax structure.

Part A proposed to repeal the homestead property tax exemption and provide property tax relief for the homestead property of persons with a high property tax burden by expanding the Maine Residents Property Tax Program to provide benefits equal to 80% of the property taxes for a homestead that exceed 4% of the taxpayer's income. The amount of rent constituting property taxes accrued for a nonelderly household would be increased from 18% to 20% of gross rent. The income eligibility requirements would be repealed.

Part B proposed to permit municipalities to approve by referendum a local option sales tax of either 1% or 2% on prepared food and lodging to be collected by the State in conjunction with the existing tax on these products and services. The added revenue would be counted as though it were derived from an increase in the municipality's property valuation. The effect of this adjustment would be to diminish slightly the municipality's revenue sharing and school funding and increase its proportion of county taxes. Two percent of the added revenue would be kept by the State to offset its costs of collection and 5.2% would be allocated to municipal revenue sharing. Part B also proposed to convert excise taxes on motor vehicles and watercraft to an equivalent of the local property tax with resulting adjustments to revenue sharing, school funding and county taxes in the same fashion.

Part C proposed to divide state-municipal revenue sharing funds equally between the Local Government Fund and the Disproportionate Tax Burden Fund and to change the threshold for receipt of funds from the Disproportionate Tax Burden Fund from 10 mills to 15 mills.

LD 1433

An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2003-04

**P&S 22
EMERGENCY**

Sponsor(s)
STANLEY

Committee Report
OTP-AM

Amendments Adopted
H-427

LD 1433 proposed to establish 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 form the basis for the property tax for the unorganized territory.

Committee Amendment “A”(H-427) proposed to incorporate a fiscal note.

Enacted law summary:

Private and Special Law 2003, chapter 22 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 form the basis for the property tax for the unorganized territory.

Private and Special 2003, chapter 22 was enacted as an emergency measure effective May 30, 2003.

LD 1460

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

RESOLVE 30

Sponsor(s)
BRENNAN

Committee Report
OTP

Amendments Adopted

LD 1460 proposed to authorize the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

Enacted law summary:

Resolve 2003, chapter 30 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory acquired by foreclosure for failure to pay property tax.

LD 1462

An Act To Conform the Maine Tax Laws for 2002 with the United States Internal Revenue Code

**PUBLIC 255
EMERGENCY**

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

LD 1462 proposed to update references contained in the Maine Revised Statutes, Title 36 to the Internal Revenue Code, as amended through December 31, 2002, for tax years beginning on or after January 1, 2002 and for any prior years as specifically provided by the Code.

Enacted law summary:

Public Law 2003, chapter 255 updates references contained in the Maine Revised Statutes, Title 36 to the Internal Revenue Code, as amended through December 31, 2002, for tax years beginning on or after January 1, 2002 and for any prior years as specifically provided by the Code.

Public Law 2003, chapter 255 was enacted as an emergency measure effective May 21, 2003.

LD 1470

An Act To Make Minor Substantive Changes to the Tax Laws

PUBLIC 391

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE STANLEY	OTP-AM	H-421

LD 1470 proposed to make minor substantive changes to the laws governing taxation. This bill proposed the following changes.

1. Reduce the period within which a taxpayer may elect to deem a claim for refund or credit denied from 9 years to 4 years and reduce the period of time after which a claim for refund or credit is deemed denied by operation of law from 10 years to 4 years. These changes proposed to reduce the State's exposure to very old refund claims.
2. Provide confidentiality protection to information provided to the State Tax Assessor and used for preparing legislation or legislative analysis.
3. Establish a requirement that boat yards and marinas currently required to maintain a list of watercraft must provide a copy of the list to the State Tax Assessor upon request and expands the kinds of data that must be included. These changes were needed to support revenue discovery efforts on watercraft used in Maine.
4. Clarify that the sales tax exemption for motor vehicles leased to nonresidents does not apply to short-term rentals of automobiles to nonresidents. This change proposed to correct an apparent oversight in the drafting of statutory changes enacted in 2002.

5. Limit the requirement for individual and corporate income tax filers to add back net operating losses that have been carried back to previous years for federal income tax purposes to tax years beginning before January 1, 2002, consistent with other recent changes in Maine's treatment of federal net operating loss deductions. The bill also proposed to standardize a reference to the United States Internal Revenue Code.
6. Allow taxpayers to use a federal net operating loss to offset Maine addition modifications in the year of the loss, thereby preventing a situation in which a taxpayer might have a loss for federal purposes but taxable income for Maine purposes.
7. Provide that the proceeds from the sale of the future income stream derived from a lottery ticket purchased in Maine is Maine-source income subject to Maine income tax.
8. Eliminate the provision allowing a negative modification amount attributable to subtraction of a state income tax refund to be carried back to prior years. The negative modification would still be available in carry-forward years. This change would have been consistent with statutory changes made in 2002 disallowing the use of federal net operating loss carry-backs.
9. Modify the standard for a qualified employee for purposes of the jobs and investment credit to reflect average annual wages rather than per capita income. Per capita income data by labor market area are not available.
10. Make it clear that the refundable portion of the credit for child care expenses must be prorated for persons who were not Maine residents for any part of the year. The changes would conform to current agency practice.
11. Eliminate the requirement to file a Maine income tax return for estates and trusts that had gross income less than \$10,000 and no Maine taxable income.
12. Modify the standard for a qualified employee for purposes of the Maine Employment Tax Increment Financing Act to reflect average annual wages rather than per capita income. Per capita income data by county are not available.
13. Make grammatical changes.

Committee Amendment "A" (H-421) proposed to replace the bill and to make the following changes to the laws governing taxation.

1. Correct a conflict between the Maine Revised Statutes, Title 36, section 1861-A and section 1951-A regarding an individual's use tax responsibility to the State by clarifying that items with a purchase price of more than \$5,000 must be reported separately in the same manner as sales made by retailers as required by Title 36, section 1951-A.
2. Clarify the administrative requirements pertaining to the sale of a controlling interest in real property in the real estate transfer tax law, consistent with statutory changes enacted in 2002.
3. Define "primary recipient" for purposes of the pension income deduction and clarify the treatment of early withdrawals and lump sum distributions.

4. Clarify that the adjusted gross income described in Title 36, section 5142 is the Maine adjusted gross income defined in section 5102, subsection 1-C, paragraph B and taxed by section 5111, subsection 4 and that the Maine adjusted gross income of a nonresident individual includes the individual's share of income, deductions and modifications attributable to Maine-source income of a partnership or limited liability company, estate, trust or S corporation. These changes would conform to current agency practice.
5. Provide that the proceeds from the sale of the future income stream derived from a lottery ticket purchased in Maine is Maine-source income subject to Maine income tax.
6. Clarify that the credit for income tax paid to another taxing jurisdiction is limited to tax paid with respect to income that Maine recognizes as being derived from sources in the other taxing jurisdiction. The changes would conform to current agency practice.
7. Clarify the calculation of the credit for child care expenses by part-year residents. The changes conform to current agency practice. The amendment would also delete superfluous verbiage.
8. Clarify that the refundable portion of the credit for child care expenses must be prorated for persons who were not Maine residents for any part of the year. The changes conform to current agency practice.
9. Eliminate the requirement to file a Maine income tax return for estates and trusts that had gross income less than \$10,000 and no Maine taxable income.
10. Amend the business equipment tax reimbursement statutes to provide that business equipment tax reimbursement is available, and limited to, a successor in interest that owns eligible business property on August 1st of the year in which a claim may be made.
11. Modify the standards for a qualified employee for purposes of the jobs and investment tax credit and the Maine Employment Tax Increment Financing Act to reflect average annual wages rather than per capita income. Per capita income data by county are not available.

Enacted Law Summary:

Public Law 2003, chapter 391 makes the following minor substantive changes to the tax laws. Some provisions in the original bill were moved to LD 1571, the “technical changes bill.”

1. It corrects a conflict between the Maine Revised Statutes, Title 36, section 1861-A and section 1951-A regarding an individual's use tax responsibility to the State by clarifying that items with a purchase price of more than \$5,000 must be reported separately in the same manner as sales made by retailers as required by Title 36, section 1951-A.
2. It clarifies the administrative requirements pertaining to the sale of a controlling interest in real property in the real estate transfer tax law, consistent with statutory changes enacted in 2002.
3. It defines "primary recipient" for purposes of the pension income deduction and clarifies the treatment of early withdrawals and lump sum distributions.

4. It clarifies that the adjusted gross income described in Title 36, section 5142 is the Maine adjusted gross income defined in section 5102, subsection 1-C, paragraph B and taxed by section 5111, subsection 4 and that the Maine adjusted gross income of a nonresident individual includes the individual's share of income, deductions and modifications attributable to Maine-source income of a partnership or limited liability company, estate, trust or S corporation. These changes conform to current agency practice.
5. It provides that the proceeds from the sale of the future income stream derived from a lottery ticket purchased in Maine are Maine-source income subject to Maine income tax.
6. It clarifies that the credit for income tax paid to another taxing jurisdiction is limited to tax paid with respect to income that Maine recognizes as being derived from sources in the other taxing jurisdiction. The changes conform to current agency practice.
7. It clarifies the calculation of the credit for child care expenses by part-year residents and eliminates superfluous verbiage. The changes conform to current agency practice.
8. It clarifies that the refundable portion of the credit for child care expenses must be prorated for persons who were not Maine residents for any part of the year. The changes conform to current agency practice.
9. It eliminates the requirement to file a Maine income tax return for estates and trusts that had gross income less than \$10,000 and no Maine taxable income.
10. It amends the business equipment tax reimbursement statutes to provide that business equipment tax reimbursement is available, and limited to, a successor in interest that owns eligible business property on August 1st of the year in which a claim may be made.
11. It modifies the standards for a qualified employee for purposes of the jobs and investment tax credit and the Maine Employment Tax Increment Financing Act to reflect average annual wages rather than per capita income. Per capita income data by county are not available.

LD 1492

An Act To Protect Maine's Water as a Natural Resource

CARRIED OVER

Sponsor(s)
SUSLOVIC

Committee Report

Amendments Adopted

LD 1492 proposes to provide an income tax credit of 5¢ per gallon for the production of liquid fuels from biomass.

LD 1523

An Act To Change the Tax Laws as They Apply to Combat Troops

PUBLIC 287

<u>Sponsor(s)</u> DAGGETT COLWELL	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-127
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LD 1523 proposed to provide an income tax return filing extension to military persons, and their spouses, stationed in a combat zone, as declared by the President of the United States. The extension would be for the time the military person was stationed in a combat zone plus an additional 6 months following the departure of the military person from the combat zone. No penalties or interest would accrue during the extension.

This bill would also provide a waiver of income taxes owed by a military person for the tax year in which that person died in a combat zone.

Committee Amendment “A” (S-127) proposed a waiver of income taxes owed by a military person who died in a combat zone or from wounds, disease or other injury received in a combat zone or similar casualty in the same manner as provided pursuant to Section 692 of the Internal Revenue Code.

Enacted law summary:

Public Law 2003, chapter 287 provides a waiver of income taxes owed by a military person who died in a combat zone or from wounds, disease or other injury received in a combat zone or similar casualty in the same manner as provided pursuant to Section 692 of the Internal Revenue Code.

LD 1571

An Act Concerning Technical Changes to the Tax Laws

PUBLIC 390

<u>Sponsor(s)</u> STANLEY LEMOINE	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-175
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LD 1571 proposed to make the following changes to the laws governing taxation.

The bill proposed to establish specific statutory authority and procedures for the State Tax Assessor to accept protective claims for refund.

The bill proposed to clarify that a taxpayer who fails to file a timely request for administrative review of a denial of a tax refund claim forfeits the right to seek review of the denial in Superior Court and that the taxpayer could not submit reiterative claims for the same refund.

The bill proposed to amend the law governing confidentiality of tax information to allow disclosure to the Department of Human Services and the Department of Behavioral and Developmental Services of information relating to the administration and collection of the hospital tax. This provision was inadvertently omitted from the supplemental appropriations bill enacted in November 2002, which imposed the new tax.

The bill proposed to allow the Department of Administrative and Financial Services, Bureau of Revenue Services to provide taxpayer information to the Department of Human Services, Office of Head Start and Child Care for purposes of certifying investments eligible for the quality child care investment credit.

The bill proposed to allow employees of the Bureau of Revenue Services to disclose certain information to the Finance Authority of Maine necessary to ensure that individual recipients are eligible to receive certain benefits under the Maine College Savings Program.

The bill proposed to delete a redundant definition of the term "person" from the Sales and Use Tax Law. The same term is defined for all taxes in the general provisions of the tax laws.

The bill proposed to amend the definition of "retail sale" to clarify that sales of all kinds of video media for rental were not taxable, consistent with other statutory changes enacted in 2002.

The bill proposed to correct outdated cross-references to sections 187 and 1951, which have been repealed, and proposed to make various grammatical corrections.

The bill proposed to correct a conflict between the Maine Revised Statutes, Title 36, sections 1861-A and 1951-A regarding an individual's use tax responsibility to the State. Title 36, section 1861-A added a reporting mechanism for an individual to report and pay use tax on small purchases made outside of the State, such as through mail order or shopping trips to places outside the State. This change to Title 36, section 1861-A would allow the use tax line on the individual income tax return to be used only for reporting use tax on items with a purchase price of \$1,000 or less. Use tax on items with a purchase price of more than \$1,000 would be due and payable by the 15th of the month following the date of purchase.

The bill proposed to delete a redundant provision for abatement of sales and use taxes. The circumstances under which all taxes may be abated are set forth more fully in the general provisions of the tax laws. The bill also proposed to correct references to taxable services to reflect current law, correct a grammatical error and change gender-specific language.

The bill proposed to delete a redundant definition of the term "person" from the Gasoline Tax Act. The same term is defined for all taxes in the general provisions of the tax laws.

The bill proposed to replace outdated references to state and federal statutes governing highway common carriers. The Public Utilities Commission no longer regulates highway common carriers and the federal excise tax no longer applies to highway transportation. The bill proposed to substitute a cross-reference to the statute that imposes the current operating authority license requirement and incorporates the relevant language of the repealed federal law into Maine law. The bill also proposed to clarify the formula for computing the amount of the refunds authorized by the statute, eliminate redundant verbiage and gender-specific language.

The bill proposed to correct inappropriate references to "distributor" in the motor fuel tax laws. "Distributor" is not defined in the Maine Revised Statutes, Title 36, chapter 459 and is defined elsewhere in Title 36 to mean a different category of persons from what is intended here.

The bill proposed to correct inappropriate references to "internal combustion engine fuel" in the motor fuel tax laws. "Internal combustion engine fuel" is not defined in Title 36, chapter 459 and is defined elsewhere in Title 36 to mean a different type of fuel from what is intended here. The bill also proposed to remove superfluous verbiage and correct grammatical errors.

The bill proposed to eliminate an obsolete reference to the gasoline road tax law, which has been repealed.

The bill proposed to establish an automatic extension to file an estate tax return equivalent to the federal extension and limit the filing extension to 8 months in all other cases. These changes provide a statutory basis for policies that have been implemented administratively.

The bill proposed to standardize a reference to the federal credit for state death taxes in the estate tax law for consistency with other statutory revisions made in 2002.

The bill proposed to clarify the administrative requirements pertaining to the sale of a controlling interest in real property in the real estate transfer tax law, consistent with statutory changes enacted in 2002.

The bill proposed to simplify the recycling assistance fee law by deleting references to categories of property that are no longer subject to the fee.

The bill proposed to repeal a provision that required rulemaking by the State Tax Assessor to clarify the impact of portions of the recycling assistance fee law. Simplification of the law has obviated the need for rulemaking.

The bill proposed to clarify that the taxable income described in Title 36, section 5121 is the "Maine taxable income" referred to in section 5111.

The bill proposed to clarify that only interest from bonds of another state's government excluded from federal adjusted gross income must be added back in computing Maine adjusted gross income for a resident individual.

The bill proposed to clarify that all deductions claimed for federal income tax purposes by both individuals and corporations must be added back to Maine adjusted gross income if they were included in the taxpayer's investment credit base for the high-technology investment tax credit.

The bill proposed to clarify that only exempt government bond interest included in federal adjusted gross income could be subtracted in computing Maine adjusted gross income.

The bill proposed to delete an obsolete reference to the federal new jobs credit, which has been repealed.

The bill proposed to conform the language that permits subtraction of Maine College Savings Program distributions to that of Title 20-A, section 11479.

The bill proposed to define "primary recipient" for purposes of the pension income deduction. This definition is the one currently applied administratively by the Department of Administrative and Financial Services, Bureau of Revenue Services.

The bill proposed to clarify the language of Title 36, section 5124-A.

The bill proposed to clarify references to federal adjusted gross income and federal taxable income for purposes of computing itemized deductions and to add a provision specifically requiring add-back of the deduction for contributions to family development account reserve funds that is disallowed by the last sentence of Title 36, section 5216-C, subsection 1.

The bill proposed to clarify that the adjusted gross income described in Title 36, section 5142 is the Maine adjusted gross income defined in section 5102, subsection 1-C, paragraph B and taxed by section 5111, subsection 4 and that the Maine adjusted gross income of a nonresident individual includes the individual's share of income, deductions and modifications attributable to Maine-source income of a partnership or limited liability company, estate, trust or S corporation. These changes would conform to current agency practice.

The bill proposed to clarify that the taxable income of estates and trusts on which the income tax is imposed is the Maine taxable income described in Title 36, sections 5163 and 5175 and that the applicable tax rates are those provided for single individuals.

The bill proposed to clarify that the taxable income of resident estates and trusts described in Title 36, section 5163 is the Maine taxable income taxed by section 5160 and delete superfluous verbiage.

The bill proposed to clarify that bond interest from another state's government bonds excluded from federal taxable income must be added back in computing Maine taxable income of a corporation.

The bill proposed to clarify that exempt income included in federal taxable income could be subtracted in computing Maine taxable income.

The bill proposed to clarify that constitutionally exempt income included in federal taxable income could be subtracted in computing Maine taxable income.

The bill proposed to clarify that the credit for income tax paid to another taxing jurisdiction is limited to tax paid with respect to income that Maine recognizes as being derived from sources in the other taxing jurisdiction. The changes conform to current agency practice.

The bill proposed to clarify the calculation of the credit for child care expenses by part-year residents. The changes conform to current agency practice. The bill also proposed to delete superfluous verbiage.

The bill proposed to clarify the calculation of the retirement and disability credit by part-year residents. The changes conform to current agency practice.

The bill proposed to make it clear that the \$2,000 income limit for the low-income credit applies to an individual's entire taxable income as determined for resident individuals regardless of whether the taxpayer was a Maine resident for the entire year.

The bill proposed to clarify the circumstances under which a taxpayer may be granted an extension of time to file an individual or fiduciary income tax return.

The bill proposed to establish an automatic extension of time to file an individual or fiduciary income tax return equivalent to the federal extension. These changes provide a statutory basis for policies that have been implemented administratively.

The bill proposed to repeal a redundant provision relating to the collection of income tax debts owed by nonresidents. The powers granted to the State Tax Assessor by this provision are included in the general provisions of the tax laws.

The bill proposed to amend the business equipment tax reimbursement statutes to provide that business equipment tax reimbursement is available, and limited to, a successor in interest that owns eligible business property on August 1st of the year in which a claim may be made.

The bill also proposed to repeal a law that requires adoption of a rule for the elderly low-cost drug program to allow consideration of an applicant's change in income from the prior year. As of January 1, 2003, the elderly low-cost drug program is being administered by the Department of Human Services under the laws that govern the Healthy Maine Prescription Program, which determines eligibility based on the current income of the applicant. Repealing this law would allow the Bureau of Revenue Services to repeal the rule that is no longer applicable.

Committee Amendment “A” (S-175) proposed to make the following changes:

This amendment proposes to make the following changes to the bill.

1. Remove the provision that established specific statutory authority and procedures for the State Tax Assessor to accept protective claims for refund.
2. Remove the provision that clarified that a taxpayer who fails to file a timely request for administrative review of a denial of a tax refund claim forfeits the right to seek review of the denial in Superior Court and that the taxpayer can not submit reiterative claims for the same refund.
3. Provide confidentiality protection to information provided to the State Tax Assessor and used for preparing legislation or legislative analysis.
4. Clarify that the sales tax exemption for motor vehicles leased to nonresidents does not apply to short-term rentals of automobiles to nonresidents. This change corrects an apparent oversight in the drafting of statutory changes enacted in 2002.
5. Remove a provision designed to correct a conflict between the Maine Revised Statutes, Title 36, sections 1861-A and 1951-A regarding an individual's use tax responsibility to the State because the correction is being made in LD 1470.
6. Remove a provision regarding administrative requirements pertaining to the sale of a controlling interest in real property in the real estate transfer tax law because that change is being made in LD 1470.
7. Limit the requirement to add back net operating losses that have been carried back to previous years for federal income tax purposes to tax years beginning before January 1, 2002, consistent with other recent changes in Maine's treatment of federal net operating loss deductions.
8. Eliminate the provision allowing a negative modification amount attributable to subtraction of a state income tax refund to be carried back to prior years. The negative modification will still be available in carry-forward years. This change is consistent with statutory changes made in 2002 disallowing the use of federal net operating loss carry-backs.
9. Remove a definition of "primary recipient" for purposes of the pension income deduction because the change is being made in LD 1470.
10. Remove provisions designed to clarify the language of Title 36, section 5124-A because they are no longer needed.
11. Remove a provision designed to clarify that the credit for income tax paid to another taxing jurisdiction is limited to tax paid with respect to income that Maine recognizes as being derived from sources in the other taxing jurisdiction because the change is being made in LD 1470.
12. Remove a provision designed to clarify the calculation of the credit for child care expenses by part-year residents because the change is being made in LD 1470.

13. Remove a provision that amends the business equipment tax reimbursement statutes to provide that business equipment tax reimbursement is available, and limited to, a successor in interest that owns eligible business property on August 1st of the year in which a claim may be made because the change is being made in LD 1470.

Enacted Law Summary:

Public Law 2003, chapter 390 makes technical changes to the tax laws. Some provisions of the original bill were moved to LD 1470, the “minor substantive changes bill.”

1. It permits the disclosure of certain tax-related information to the Finance Authority of Maine, in the administration of the Maine College Savings Program, and to the Office of Head Start and Child Care, in the administration of the tax credits for investments in quality child care.
2. It provides confidentiality protection to information provided to the State Tax Assessor and used for preparing legislation or legislative analysis.
3. It deletes a redundant definition of the term "person" from the Sales and Use Tax Law. The same term is defined for all taxes in the general provisions of the tax laws.
4. It clarifies the definition of "retail sale" to clarify that sales of all kinds of video media for rental were not taxable, consistent with other statutory changes enacted in 2002.
5. It clarifies that the sales tax exemption for motor vehicles leased to nonresidents does not apply to short-term rentals of automobiles to nonresidents. This change corrects an apparent oversight in the drafting of statutory changes enacted in 2002.
6. It deletes a redundant definition of the term "person" from the Gasoline Tax Act. The same term is defined for all taxes in the general provisions of the tax laws.
7. It replaces outdated references to state and federal statutes governing highway common carriers. The Public Utilities Commission no longer regulates highway common carriers and the federal excise tax no longer applies to highway transportation. This chapter substitutes a cross-reference to the statute that imposes the current operating authority license requirement and incorporates the relevant language of the repealed federal law into Maine law. This chapter also clarifies the formula for computing the amount of the refunds authorized by the statute and eliminates redundant verbiage and gender-specific language.
8. It corrects inappropriate references to "distributor" in the motor fuel tax laws. "Distributor" is not defined in the Maine Revised Statutes, Title 36, chapter 459 and is defined elsewhere in Title 36 to mean a different category of persons from what is intended here.
9. It corrects inappropriate references to "internal combustion engine fuel" in the motor fuel tax laws. "Internal combustion engine fuel" is not defined in Title 36, chapter 459 and is defined elsewhere in Title 36 to mean a different type of fuel from what is intended here. This chapter also removes superfluous verbiage and correct grammatical errors.
10. It standardizes a reference to the federal credit for state death taxes in the estate tax law for consistency with other statutory revisions made in 2002.

11. It updates the recycling assistance fee law by deleting references to categories of property that are no longer subject to the fee.
12. It clarifies that the taxable income described in Title 36, section 5121 is the "Maine taxable income" referred to in section 5111.
13. It clarifies that only interest from bonds of another state's government excluded from federal adjusted gross income must be added back in computing Maine adjusted gross income for a resident individual.
14. It clarifies that all deductions claimed for federal income tax purposes must be added back to Maine adjusted gross income if they were included in the taxpayer's investment credit base for the high-technology investment tax credit.
15. It clarifies that only exempt government bond interest included in federal adjusted gross income could be subtracted in computing Maine adjusted gross income.
16. It deletes an obsolete reference to the federal new jobs credit, which has been repealed.
17. It limits the requirement to add back net operating losses that have been carried back to previous years for federal income tax purposes to tax years beginning before January 1, 2002, consistent with other recent changes in Maine's treatment of federal net operating loss deductions.
18. It conforms the language that permits subtraction from income of Maine College Savings Program distributions to that of Title 20-A, section 11479.
19. It clarifies references to federal adjusted gross income and federal taxable income for purposes of computing itemized deductions and to add a provision specifically requiring add-back of the deduction for contributions to family development account reserve funds that is disallowed by the last sentence of Title 36, section 5216-C, subsection 1.
20. It clarifies that the taxable income of estates and trusts on which the tax is imposed is the Maine taxable income described in Title 36, sections 5163 and 5175 and that the applicable tax rates are those provided for single individuals.
21. It clarifies that the taxable income of resident estates and trusts described in Title 36, section 5163 is the Maine taxable income taxed by section 5160 and delete superfluous verbiage.
22. It clarifies that the taxable income of nonresident estates and trusts described in Title 36, section 5175 is the Maine taxable income taxed by section 5160 and to correct grammatical errors.
23. It clarifies that bond interest from another state's government bonds excluded from federal taxable income must be added back in computing Maine taxable income of a corporation.
24. It clarifies that all deductions claimed for federal income tax purposes must be added back to the extent they are included in the taxpayer's investment credit base for the high-technology investment tax credit.
25. It clarifies the calculation of the retirement and disability credit by part-year residents. The changes conform to current agency practice.

26. It clarifies that the \$2,000 income limit for the low-income credit applies to an individual's entire taxable income as determined for resident individuals regardless of whether the taxpayer was a Maine resident for the entire year.
27. It clarifies the circumstances under which a taxpayer may be granted an extension of time to file an individual or fiduciary income tax return.
28. It establishes an automatic extension of time to file an individual or fiduciary income tax return equivalent to the federal extension. These changes provide a statutory basis for policies that have been implemented administratively.
29. It repeals a redundant provision relating to the collection of income tax debts owed by nonresidents. The powers granted to the State Tax Assessor by this provision are included in the general provisions of the tax laws.
30. It repeals a law that requires adoption of a rule for the elderly low-cost drug program to allow consideration of an applicant's change in income from the prior year. As of January 1, 2003, the elderly low-cost drug program is being administered by the Department of Human Services under the laws that govern the Healthy Maine Prescription Program, which determines eligibility based on the current income of the applicant. Repealing this law allows the Bureau of Revenue Services to repeal the rule that is no longer applicable.

LD 1575

An Act To Assist Brascan, the Successor to Great Northern Paper, in Paying the Property Taxes Due to the Towns of Millinocket and East Millinocket

**P&S 8
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY LEMOINE	OTP-AM	S-44

LD 1575 proposed to provide for a loan from the Finance Authority of Maine to Brascan Corporation to enable the corporation to pay Millinocket and East Millinocket property taxes incurred when the property was owned by Great Northern Paper, Inc., with repayment of the loan from BETR payments, and to ensure that Brascan receives the BETR payments with respect to property taxes it will pay. Great Northern Paper, Inc., which was in bankruptcy, had not paid property taxes in the amount of \$4.4 million to Millinocket and \$3.4 million to East Millinocket for the 2002-03 property tax year. The assets in the Great Northern bankruptcy estate would not have been sufficient to cover those taxes. Brascan Corporation, which agreed to purchase the Millinocket and East Millinocket mills, agreed to pay the unpaid property taxes, in part through application of business equipment tax reimbursement, or "BETR," program reimbursements and tax increment financing payments. Under current law, the BETR payments would not be received until at least August 2004, which would delay payment of taxes until then.

Committee Amendment "A" (S-44) proposed to move funds appropriated for the Business Equipment Tax Reimbursement program from fiscal year 2004-05 to fiscal year 2003-04 to provide the funds necessary to make the reimbursement required by the bill in fiscal year 2003-04.

Enacted law summary:

Private and Special Law 2003, chapter 8 provides for a loan from the Finance Authority of Maine to Brascan Corporation to enable the corporation to pay Millinocket and East Millinocket property taxes incurred when the property was owned by Great Northern Paper, Inc., with repayment of the loan from future BETR payments, and ensures that Brascan receives the BETR payments in fiscal year 2003-04 with respect to property taxes it will pay.

Private and Special 2003, chapter 8 was enacted as an emergency measure effective April 25, 2003.

LD 1587

An Act Regarding Distribution of Tobacco Products

PUBLIC 439

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE STANLEY	OTP-AM	H-408

LD 1587 proposed to repeal the existing law governing cigarette distributor's responsibilities and enact in its stead a new subchapter of law that would create a certification process for tobacco product manufacturers, a reporting requirement for tobacco product distributors and wholesalers and a directory of compliant tobacco product manufacturers.

Committee Amendment "A" (H-408) proposed to require the Attorney General to notify the Department of Administrative and Financial Services, Bureau of Revenue Services of certified tobacco products manufacturers. The amendment also proposed to make technical corrections to violations and penalty subsections to be consistent with the MCJUSTIS drafting directives pursuant to Resolve 1997, chapter 105, as amended to provide that each separate offense has a unique statutory cite to enable computerized databases and accurate tracking of offenses and offenders.

Enacted Law Summary:

Public Law 2003, chapter 439 repeals the existing law governing cigarette distributor's responsibilities and enact in its stead a new subchapter of law that would create a certification process for tobacco product manufacturers, a reporting requirement for tobacco product distributors and wholesalers and a directory of compliant tobacco product manufacturers.

LD 1629

**RESOLUTION, Proposing a Competing Measure under the
Constitution of Maine To Create Municipal Service Districts To
Reduce the Cost of Local Government, To Provide Property Tax
Relief and To Increase Economic Competitiveness**

CARRIED OVER

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

LD 1629 proposes a resolution as a competing measure with Initiated Bill 3, Legislative Document 1372, “An Act to Enact the School Finance Act of 2003.” The bill proposes to provide a fiscal reform package that would reduce costs of governmental services now borne by municipalities and reduce property tax burdens in the following ways:

1. By providing fiscal incentives for regional consolidation through the establishment of municipal service districts;
2. By expanding property tax relief available through the Maine Residents Property Tax Program and repeals the homestead exemption;
3. By repealing prospectively the Business Equipment Tax Reimbursement Program, provide a property tax exemption for personal property that would have been eligible for BETR, including “BETR-expired” property and provide 50% reimbursement to municipalities for lost taxes;
4. By permitting a 1% local option sales and use tax limited to 5 years and used to finance eligible capital projects; and
5. By lowering the top rate under the income tax over 15 years and reduce the extent of indexing for inflation.

LD 1633

**An Act Regarding Conformity with the Federal Jobs and Growth
Tax Relief Reconciliation Act of 2003**

PUBLIC 479

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEMOINE STANLEY	OTP-AM MAJ OTP-AM MIN	S-284

LD 1633 proposed to update references in the Maine Revised Statutes, Title 36 to the Internal Revenue Code, as amended through May 28, 2003 with exceptions for certain significant federal income tax law changes made by the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27. Exceptions to conformity included changes to bonus depreciation, small business expensing, the standard deduction for married-joint filers and the alternative minimum tax.

Committee Amendment “A” (S-284) proposed to correct language to clarify the intent of the original bill.

Enacted Law Summary:

Public Law 2003, chapter 479 updates references in the Maine Revised Statutes, Title 36 to the Internal Revenue Code, as amended through May 28, 2003 with exceptions for certain significant federal income tax law changes made by the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27. Exceptions to conformity included changes to bonus depreciation, small business expensing, the standard deduction for married-joint filers and the alternative minimum tax.