

*Joint Standing Committee on Taxation*

**LD 2**                      **RESOLUTION, Proposing an Amendment to the Constitution of**      **CARRIED OVER**  
**Maine To Limit the Rate of Change in Taxable Value of**  
**Homestead Land**

<u>Sponsor(s)</u> PERCY DAMON	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 2 proposed to amend the Constitution to authorize a municipality to limit the rate of change in the tax rate applicable to homestead land, defined as land that is exclusively and continuously owned by one or more residents of the State while the land remains the principal home of each owner, to the rate of change in the purchasing power of United States currency as consistently measured by a reliable index adopted by the Legislature.

This bill was originally considered by the Joint Select Committee on Property Tax Reform. It was recommitted to the Joint Standing Committee on Taxation and carried over by H.P. 1203 to the next special or regular session.

**LD 4**                      **RESOLUTION, Proposing an Amendment to the Constitution of**                      **ONTP**  
**Maine To Change the Property Valuation Process**

<u>Sponsor(s)</u> MARLEY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 4 proposed to amend the Constitution of Maine to repeal the requirement that property be revalued every 10 years for purposes of the property tax.

**LD 12**                      **An Act To Implement the School Finance and Tax Reform Act of**                      **ONTP**  
**2003**

<u>Sponsor(s)</u> NUTTING J FLETCHER	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 12 proposed to implement the School Finance and Tax Reform Act of 2003, as adopted by the voters on June 8, 2004, and require the State to provide 55% of "the total allocation," for kindergarten to grade 12 public school system beginning in fiscal year 2005-06.

This bill also proposed to create an essential programs and services review panel, made up largely of educational practitioners, that would be charged with annually evaluating the school funding allocation system with respect to the model's accuracy and integrity. In addition, the bill proposed to redesign the 100% special education funding requirement, established as a year-to-year reimbursement system according to the School Finance and Tax Reform Act of 2003, as a current-year state funding requirement that operates through the essential programs and

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services allocation system as it pertains to special education. This bill also proposed to establish the system of managing both the Fund for the Efficient Delivery of Educational Services and the Fund for the Efficient Delivery of Local and Regional Services, both of which were created by the School Finance and Tax Reform Act of 2003. By the management systems created in the bill, grants from both funds would be distributed to school administrative units and local or regional governmental units that compete for project financing. The bill proposed to establish the review panels charged with reviewing and awarding the efficiency grants, as well as the funding qualifications and review criteria.

**LD 19                      An Act To Clarify the Law Regarding Transfer Tax Liability for Deeds between Domestic Partners                      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAZUREK	OTP-AM    MAJ ONTP        MIN	H-116

LD 19 proposed to include domestic partners, as defined in the Probate Code, as family members for purposes of the real estate transfer tax exemption for deeds between certain family members.

**Committee Amendment "A" (H-116)** proposed to restrict the exemption proposed by the bill to registered domestic partners.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 56                      RESOLUTION, Proposing an Amendment to the Constitution of Maine To Facilitate the Repeal of the Taxation of Personal Property Valued at \$1,000 or More                      DIED BETWEEN HOUSES**

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

LD 56 proposed to amend the Constitution of Maine to provide that the Legislature is not required to reimburse municipalities for new property tax exemptions or credits if the municipality has not assessed property taxes on that type of property in the 10 years preceding enactment of the exemption or credit.

**LD 74                      An Act To Increase Eligibility for the Property Tax Exemption for Veterans'                      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS G	OTP-AM	H-529

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LD 74 proposed to increase the veterans' property tax exemption from \$5,000 to \$15,000.

**Committee Amendment "A" (H-529)** proposed to replace the bill by expanding eligibility for property tax exemptions to veterans of certain conflicts that do not currently qualify for the exemption.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 75**                      **An Act To Authorize Municipalities To Give Property Tax Relief to Volunteer Firefighters and Emergency Medical Services Personnel**                      **ONTP**

<u>Sponsor(s)</u> DAVIS G SNOWE-MELLO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 75 proposed to permit a municipality to adopt a plan to reimburse volunteer firefighters and emergency medical services personnel for a portion of property taxes paid to the municipality by those volunteers.

**LD 81**                      **An Act To Establish a Limited Sales-tax-free Shopping Week**                      **ONTP**

<u>Sponsor(s)</u> WOODCOCK BOWLES	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 81 proposed a sales tax exemption during the 3rd week of August for sales of books and clothing valued at \$50 or less and school supplies valued at \$10 or less.

See also LD 452 and LD 747.

**LD 87**                      **An Act To Phase Out the Corporate Income Tax over a 5-year Period**                      **ONTP**

<u>Sponsor(s)</u> WOODCOCK	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 87 was a concept draft that proposed to phase out over a 5-year period Maine taxation of corporate income.

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**LD 92**                      **An Act To Provide for Sales Tax Exemption Reciprocity for School Groups Visiting Other Jurisdictions**                      **ONTP**

<u>Sponsor(s)</u> MAYO PERCY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 92 proposed to exempt from the sales tax on meals and lodging sales to groups of schoolchildren who reside in jurisdictions outside this State that offer a similar sales tax exemption to schoolchildren visiting from this State.

**LD 112**                      **An Act To Conform Maine Estate Tax Law with Federal Estate Tax Laws**                      **ONTP**

<u>Sponsor(s)</u> CURLEY PERRY J	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 112 proposed to conform Maine estate tax laws with federal estate tax laws.

See also LD 436.

**LD 115**                      **An Act Enabling Municipalities To Establish Municipal Land Banks Funded by Local Option Real Estate Transfer Taxes**                      **ONTP**

<u>Sponsor(s)</u> RECTOR SAVAGE	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 115 proposed to authorize municipalities to impose a municipal real estate transfer tax. It would require a municipality to approve such a tax and establish of a land bank program through the municipal referendum process. It contained restrictions on the tax rate and uses of the tax.

**LD 118**                      **An Act To Provide Tax Relief for People with Functional Limitations**                      **CARRIED OVER**

<u>Sponsor(s)</u> BOWLES DAVIS P	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-108
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LD 118 proposed to amend the sales tax exemption for prosthetic devices to include additional aids and mobility devices to accommodate a person's functional limitations.

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**Committee Amendment "A" (H-108)** proposed to clarify the items qualifying for a sales tax exemption as prosthetic devices and mobility-enhancing equipment consistent with uniform definitions developed by the Streamlined Sales Tax Project.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 135**                      **An Act To Authorize a Tax Rebate Program for Established Residents**                      **PUBLIC 395**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON	OTP-AM    MAJ	H-631    WOODBURY
PINEAU	ONTP        MIN	S-302

LD 135 proposed to authorize municipalities to establish property tax rebate programs for elderly taxpayers who have resided in a municipality for at least 10 years on their principal place of residence.

**Committee Amendment "A" (S-302)** proposed to replace the bill with provisions permitting a municipality to adopt a property tax assistance program for persons with homesteads in the municipality who are at least 62 years of age. The program may provide benefits that are a percentage of the Maine Residents Property Tax Program or that do not exceed 50% of property taxes or rent constituting property taxes or that, together with benefits received under the Maine Residents Property Tax Program, do not exceed 60% of property taxes or rent constituting property taxes. The Department of Administrative and Financial Services, Maine Revenue Services would be authorized to disclose information about claimants, other than the claimant's income, to municipalities that have adopted a program.

**House Amendment "A" to Committee Amendment "A" (H-631)** proposed to permit municipalities to restrict a tax rebate program to persons who are at least 62 years of age or make it available to all persons with homesteads in the municipality.

### *Enacted law summary*

Public Law 2005, chapter 395 permits a municipality to adopt a property tax assistance program for persons with homesteads in the municipality. The property tax assistance program may be made available to all persons with homesteads in the municipality or it may be restricted to persons with homesteads who are at least 62 years of age. The program may provide benefits that are a percentage of the Maine Residents Property Tax Program or that do not exceed 50% of property taxes or rent constituting property taxes or that, together with benefits received under the Maine Residents Property Tax Program, do not exceed 60% of property taxes or rent constituting property taxes.

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**LD 169**                      **An Act To Amend the Law Regarding Resale Certificates**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MOODY	OTP-AM    MAJ OTP-AM    MIN	H-78 S-122    COURTNEY

LD 169 proposed to repeal changes made in 2004 with regard to sales tax resale certificates that limited issuance of resale certificates to retailers with annual gross sales of \$10,000 or more and required the State Tax Assessor to annually review the gross sales status of each retailer prior to issuing the certificate for the next succeeding calendar year.

**Committee Amendment "A" (H-78)** proposed to change the threshold for issuance of resale certificates from \$10,000 to \$3,000 in annual gross sales and extended the duration of resale certificates from one year to 3 years.

**Senate Amendment "B" to Committee Amendment "A" (S-122)** proposed to make subsequent issuances of annual resale certificates effective for the next 5 calendar years.

This bill was carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 177**                      **An Act To Increase the Homestead Property Tax Exemption**                      **ONTP**

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

LD 177 proposed to increase the homestead property tax exemption to \$20,000 per homestead, regardless of value.

Public Law 2005, chapter 2, Part F increased the homestead exemption to \$13,000.

**LD 179**                      **An Act To Exempt Alternative Power Systems from Property Taxes**                      **ONTP**

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

LD 179 proposed to exempt alternative power systems, including solar, wind and hydroelectric and biomass generators, from property tax.

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**LD 189**                      **RESOLUTION, Proposing an Amendment to the Constitution of**                      **ONTP**  
**Maine To Provide Property Tax Relief to Owners of Property**  
**Used for Commercial Fishing and Homestead Land**

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

LD 189 proposed to amend the Constitution of Maine to allow the Legislature to provide for the assessment of land and structures used primarily for commercial fishing purposes based on the current use of that property. The Legislature would be required to permit a municipality to choose whether to participate in this current use assessment.

The resolution also proposed to authorize a municipality to limit the rate of change in the taxable value of homestead land to the rate of change in the purchasing power of United States currency as consistently measured by a reliable index adopted by the Legislature.

**LD 195**                      **An Act To Conform the Maine Tax Code with the Federal Health**                      **CARRIED OVER**  
**Savings Accounts Laws**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RECTOR PERRY J	OTP-AM    MAJ ONTP        MIN	H-532 H-653 RINES

LD 195 proposed to conform Maine income tax law to federal law regarding contributions to health savings accounts.

Committee Amendment "A" (H-532) and House Amendment "A" (H-653) proposed to make nonsubstantive changes.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

See also LD 507.

**LD 236**                      **An Act To Change Nonresident Income Tax Filing Requirements**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK COURTNEY	OTP-AM	H-530

LD 236 proposed to increase the minimum taxability thresholds that establish an income tax liability for nonresidents. It proposed to increase the number of days worked in Maine that trigger a nonresident income tax

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liability from 11 days per year to 21 days per year and establish \$6,000 as the amount of gross income that must be earned before the nonresident's income is subject to taxation.

**Committee Amendment "A" (H-530)** proposed to provide new minimum taxability thresholds for nonresidents. The new thresholds permit greater income-earning activity by nonresidents in the State before Maine income tax liability is triggered. Personal services performed as an employee would be subject to tax if they were performed for more than 12 days and produced more than \$3,000 in income. Income from contractual or sales-related activities would be subject to tax if it exceeded \$3,000 during a year. The amendment also proposed to exclude from the determination of taxability in the State up to 24 days of personal services related to certain training and management functions.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

See also LD 740.

**LD 241**                      **An Act To Ensure That the Exemption for Pensions Is Applied Fairly**                      **ONTP**

<u>Sponsor(s)</u> DAVIS G	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 241 proposed to eliminate the offset for social security benefits under the income tax exemption for pension benefits.

**LD 264**                      **An Act To Repeal the Property Tax Exemption for State and Municipal Property**                      **ONTP**

<u>Sponsor(s)</u> PERRY J	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 264 proposed to repeal the property tax exemption for property owned by the State or a municipality.

**LD 275**                      **An Act To Promote Energy Conservation and a Cleaner Environment**                      **CARRIED OVER**

<u>Sponsor(s)</u> COURTNEY BLISS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-101
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LD 275 proposed to substitute a sales tax exemption for 100% of the sale or lease price of a hybrid gasoline-electric vehicle or a fuel-cell or hydrogen-fueled vehicle for the current partial exemption for clean fuel vehicles.



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**Committee Amendment "A" (S-101)** proposed to replace the bill and extended the current sales and use tax exemption for certain clean fuel vehicles to January 1, 2010.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

See also LD 305, LD 308 and LD 778.

<b>LD 297</b>	<b>RESOLUTION, Proposing an Amendment to the Constitution of Maine To Allow the Legislature To Authorize Municipalities To Adopt a Property Tax Assistance Program That Reflects a Claimant's Ability To Pay</b>	<b>ONTP</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 297 proposed to amend the Constitution of Maine to allow the Legislature to authorize municipalities to adopt a property tax assistance program that reflects the resident's ability to pay.

This resolution was reported out by the Joint Select Committee on Property Tax Reform.

<b>LD 298</b>	<b>RESOLUTION, Proposing an Amendment to the Constitution of Maine To Authorize the Legislature To Allow Municipalities To Exempt from Property Tax a Portion of the Value of Homesteads</b>	<b>ONTP</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 298 proposed to amend the Constitution of Maine to allow the Legislature to authorize municipalities to exempt from property tax a portion of the value of homesteads.

This resolution was reported out by the Joint Select Committee on Property Tax Reform.

<b>LD 305</b>	<b>An Act To Encourage the Use of Clean Fuel Vehicles</b>	<b>ONTP</b>
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<u>Sponsor(s)</u> EDER	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 305 proposed to substitute a sales tax exemption for 100% of the sale, lease or conversion price of a hybrid gasoline-electric vehicle or a fuel-cell or hydrogen-fueled vehicle for the current partial exemption for clean fuel vehicles.

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

See also LD 275, LD 308 and LD 778.

**LD 306**                      **An Act To Create the Family Technology Tax Credit**                      **ONTP**

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

LD 306 proposed an income tax credit of up to \$1,000 to purchase a home computer system, computer accessories or Internet access for a taxpayer with at least one dependent child. A taxpayer could claim this credit once every 4 years.

**LD 308**                      **An Act To Extend the Tax Credit for Clean Fuel Infrastructure Development**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BLISS BARTLETT	OTP-AM	H-189

LD 308 proposed to extend the income tax credit given for the construction of or improvements to any filling station for the purpose of providing clean fuels to the general public for use in motor vehicles. The tax credit is scheduled to end December 31, 2005; this bill would extend the credit for 3 years to December 31, 2008.

**Committee Amendment "A" (H-189)** proposed to incorporate a fiscal note.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

See also LD 275, LD 305 and LD 778.

**LD 313**                      **An Act To Expand Benefits Available under the Maine Residents Property Tax Program**                      **ONTP**

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

LD 313 proposed to increase the income limitation for benefits under the Maine Residents Property Tax Program, the so-called "circuit breaker program," to \$51,400 for single-member households and \$80,000 for households with 2 or more members. This bill also proposed to raise the maximum allowable rebate from \$1,000 to \$3,000.

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See also LD 1, Public Law 2005, chapter 2, Part E.

**LD 319**                      **An Act To Exempt Retirement and Pension Income from the State Income Tax**                      **ONTP**

<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 319 proposed to increase the income tax deduction for pension income from \$6,000 to \$35,000 for tax years beginning January 1, 2005 and to broaden the definition of eligible "employee retirement plan" to include other retirement plans such as so-called Roth IRAs and simplified employee pension plans.

**LD 320**                      **An Act To Limit Property Acquired by Municipalities due to Tax Delinquency**                      **ONTP**

<u>Sponsor(s)</u> MCKANE SNOWE-MELLO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 320 proposed to reduce the amount of property acquired by municipalities for nonpayment of taxes by establishing procedures for the development of payment plans both before and after the property is acquired by a municipality. 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. If the person who is delinquent in payment of taxes, or in the case of residential property, that person's surviving spouse, continues to reside on or occupy the property, then the municipality could not sell the property to a 3rd party if the person residing on or occupying the residential or commercial property is making a good faith effort to repurchase the property. 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 sold 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.

**LD 325**                      **An Act To Clarify the Definition of "Domiciled" for Maine Income Tax Purposes**                      **CARRIED OVER**

<u>Sponsor(s)</u> CUMMINGS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-588 H-658 CUMMINGS
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LD 325 proposed to require the State Tax Assessor to adopt major substantive rules defining and clarifying the meaning of "domiciled" for Maine income tax purposes to eliminate uncertainty and promote voluntary compliance with Maine's income tax laws.

**Committee Amendment "A" (H-588)** proposed to provide specific limitations on the domicile concept in the definition of "resident individual" in the case of an individual who does not maintain a permanent place of abode in Maine and is present in Maine for only short periods of time. This amendment also proposed to provide that domicile determinations could not be based on the location of an individual's professional advisors or on charitable or political contributions.

**House Amendment "A" To Committee Amendment "A" (H-658)** proposed to provide that the specific limitations on the domicile concept in the definition of "resident individual" do not apply to members of the Armed Forces who are absent from Maine in compliance with military or naval orders and who remain Maine residents pursuant to federal law.

This bill, and its adopted amendments, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 328**                      **An Act To Enhance the Maine Earned Income Tax Credit**                      **ONTP**

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

LD 328 proposed to expand the Maine earned income tax credit by increasing it from 5% to 30% of the federal credit and by making it refundable.

**LD 332**                      **An Act To Exempt Unemployment Benefits from State Income Tax**                      **DIED IN  
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLARK STRIMLING	ONTP    MAJ OTP-AM    MIN	H-404

LD 332 proposed to exempt from income, for purposes of computing Maine income tax, unemployment benefits, beginning January 1, 2005.

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**LD 345**                      **An Act To Base the Excise Tax on Motor Vehicles on the Purchase Price**                      **ONTP**

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

LD 345 proposed to require that the excise tax for all motor vehicles and campers be based upon the purchase price of the vehicle rather than “maker’s list price.”

See also LD 571.

**LD 353**                      **An Act To Exempt the United States Flag and the Flag of the State of Maine from State Taxation**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CRESSEY COURTNEY	ONTP    MAJ OTP-AM    MIN	H-77 S-74    GAGNON

LD 353 proposed to exempt the sale of the United States flag from sales tax.

**Committee Amendment "A" (H-77)** proposed to add an effective date of October 1, 2005.

**Senate Amendment "A" (S-74)** proposed to expand the proposed exemption to include the sale of the flag of the State of Maine.

This bill, and its adopted amendments, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 356**                      **An Act To Increase the State Income Tax Exemption for Retired Workers in the Maine State Retirement System to the Same Level as That of Retirees under the Social Security System**                      **ONTP**

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

LD 356 proposed to increase the income tax deduction for pension income from \$6,000 to the maximum federal social security benefits reduced by any social security benefits and railroad retirement benefits actually received by the taxpayer.

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LD 358

**An Act To Limit Property Tax Abatement for Reasons of Poverty or Infirmary to Applicants' Residential Property**

PUBLIC 169

<u>Sponsor(s)</u> FLETCHER		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 358 proposed to restrict a property tax abatement based on poverty or infirmity to a person's primary residence. The bill was presented in response to Hustus v. Town of Medway, 2004 ME 41, in which Maine's Supreme Judicial Court held that there was no limitation in state law governing eligibility for a property tax abatement for poverty or infirmity that prevents the issuance of a poverty-based property tax abatement to the owner of commercial property.

### *Enacted law summary*

Public Law 2005, chapter 169 provides that property tax abatement based on poverty or infirmity may only be granted with regard to a person's primary residence.

LD 362

**An Act To Allow Citizens To Voluntarily Pay Extra Income Taxes or Donate Money to the State**

ONTP

<u>Sponsor(s)</u> DUPREY SNOWE-MELLO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 362 proposed to establish the Maine State Government Fund to be funded by voluntary contributions through an income tax checkoff and through the State's web page. The fund would be used to provide funding to state programs operated by the Department of Health and Human Services, the Department of Education, the Department of Administrative and Financial Services and the Department of Inland Fisheries and Wildlife.

LD 365

**An Act To Provide the Veterans' Property Tax Exemption to All Veterans**

ONTP

<u>Sponsor(s)</u> SAVAGE COLLINS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 365 proposed to expand the \$5,000 property tax exemption for veterans to include veterans who did not serve during a federally recognized war period. The bill would also have restricted the exemption to veterans who had served for a period of at least 2 years or who receive a veteran's disability benefit for total disability.

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**LD 370**                      **An Act To Amend the Sales and Use Tax Law Regarding the Food Service and Lodging Industries**                      **ONTP**

<u>Sponsor(s)</u> COWGER MOODY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 370 proposed to exempt from sales tax machinery and equipment and other tangible personal property used in the production of prepared food or in the operation of a hotel or rooming house.

**LD 372**                      **An Act To Enhance Property Tax Relief through the State-municipal Revenue-sharing Program**                      **ONTP**

<u>Sponsor(s)</u> ROTUNDO	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 372 proposed to change the state-municipal revenue sharing formula by discounting the first 10 mills of a municipality's property tax rate in calculating property tax burden.

**LD 436**                      **An Act To Eliminate Estate Taxes on Family-owned Businesses**                      **CARRIED OVER**

<u>Sponsor(s)</u> BOWEN COURTNEY	<u>Committee Report</u> ONTP    MAJ OTP-AM    MIN	<u>Amendments Adopted</u> H-589
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LD 436 proposed to amend Maine's estate tax to conform to federal provisions beginning in 2005.

**Committee Amendment "A" (H-589)** proposed changes to reflect changes made in Public Law 2005, chapters 12 and 218.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

See also LD 112.

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**LD 450**                      **Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory**                      **RESOLVE 10**

<u>Sponsor(s)</u> PERRY J		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-69
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LD 450 proposed to authorize the State Tax Assessor to convey the interest of the State in several parcels of real estate in the unorganized territory that were acquired for nonpayment of property taxes.

*Enacted law summary*

Resolve 2005, chapter 10 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the unorganized territory that were acquired for nonpayment of property tax.

**LD 452**                      **An Act To Provide a Sales Tax Holiday BY REQUEST**                      **ONTP**

<u>Sponsor(s)</u> HUTTON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 452 proposed an exemption from the sales tax for all items sold on the first weekend in February each year.

See also LD 81 and LD 747.

**LD 475**                      **An Act To Change the Allocation of the Real Estate Transfer Tax**                      **ONTP**

<u>Sponsor(s)</u> KOFFMAN MILLS P		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 475 proposed to gradually increase from 50% to 60% by fiscal year 2010-11 the share of the real estate transfer tax that is paid to the Maine State Housing Authority.

**LD 476**                      **An Act To Increase the Franchise Tax on Financial Institutions**                      **ONTP**

<u>Sponsor(s)</u> SMITH W STRIMLING		<u>Committee Report</u> ONTP      MAJ OTP-AM    MIN		<u>Amendments Adopted</u>
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LD 476 proposed to increase the franchise tax imposed on a financial institution by raising the portion of the tax on the financial institution's net income from 1% to 2%.



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**LD 484**                      **An Act To Enact the Tax Fairness Act**                      **CARRIED OVER**

<u>Sponsor(s)</u> WATSON	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 484 is a concept draft that proposed to increase the sales tax and expand the types of products subject to the sales tax. The increased revenue would be used for education funding. The bill would be sent to referendum.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

**LD 507**                      **An Act To Establish Individual Medical Savings Accounts**                      **ONTP**

<u>Sponsor(s)</u> MCKANE COURTNEY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 507 proposed to establish standards for the establishment of individual medical savings accounts and to allow an income tax deduction for contributions made by an individual or the individual's employer to those accounts and interest earned on and qualified withdrawals from those accounts up to \$20,000 per tax year.

See also LD 195.

**LD 533**                      **An Act To Tax Gambling Winnings of Nonresidents**                      **ONTP**

<u>Sponsor(s)</u> STRIMLING	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 533 proposed to impose a tax on gambling winnings from activities such as from horse racing and playing slot machines in the State by persons who are not residents of the State if those winnings are required to be reported as federal income.

The provisions of LD 533 were enacted in the Part LLLL of the Part I budget bill, Public Law 2005, chapter 12.

**LD 535**                      **An Act To Clarify for Tax Purposes That Manure Removal and Storage Are Operations Directly Involved in the Raising and Care of Livestock**                      **CARRIED OVER**

<u>Sponsor(s)</u> WESTON MILLETT	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-88
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LD 535 proposed to include in the definition of "commercial agricultural production" the removal and storage of manure related to the production of livestock, thus providing a sales tax exemption for machinery purchased for use in the removal and storage of manure as well as the electricity used to operate the machinery.

**Committee Amendment "A" (S-88)** proposed to add an effective date to the bill.

This bill and its adopted amendment were placed on the Special Appropriations Table and carried over by the Joint Standing Committee on Appropriations and Financial Affairs.

**LD 571**                      **An Act To Allow a Trade-in Credit in the Calculation of the**                      **ONTP**  
**Automobile Excise Tax**

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

LD 571 proposed to reduce the base value of a motor vehicle for registration excise tax purposes to the maker's list price of the motor vehicle less the amount received for any trade-in of another motor vehicle.

See also LD 345.

**LD 580**                      **An Act To Encourage Downtown and Urban Revitalization while**                      **ONTP**  
**Meeting the Requirements of New Storm Water Rules**

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

LD 580 proposed an income tax credit to owners or users of property within a service center community or growth area that includes an urban, impaired stream that fails to meet water quality standards because of the effect of storm water from undeveloped lands. The credit would equal the user fee or mitigation costs required to be paid by the taxpayer to a municipality or sanitary district for the management of storm water or for the cost of mitigation by the Department of Environmental Protection.

**LD 593**                      **An Act To Alter Trade-in Allowances Regarding Motor Homes**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GERZOFSKY COURTNEY	OTP-AM    MAJ ONTP      MIN	H-75

LD 593 proposed to allow a sales tax trade-in credit for motor homes.

**Committee Amendment "A" (H-75)** proposed to clarify the definition of "motor home."

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This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 598**                      **An Act To Provide an Income Tax Modification for the Federal Empowerment Zone Employment Credit**                      **ONTP**

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

LD 598 proposed an income tax deduction for any amount received under the federal empowerment zone employment credit program, which provides tax incentives to businesses who hire employees who live and work in federally designated "empowerment zones." The provisions of this bill are already contained in income tax law.

**LD 610**                      **An Act To Encourage More Dentists To Practice in the State**                      **DIED BETWEEN HOUSES**

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

LD 610 proposed an income tax credit or deduction for the amount of dental student education loan forgiveness when the dentist elects to serve as a practitioner of dental medicine in an underserved population area pursuant to the terms of the Maine Dental Education Loan Program.

**LD 613**                      **An Act To Provide Tax Incentives to Small Businesses**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HANLEY S COWGER	OTP-AM    MAJ ONTP      MIN	H-109 S-191    STRIMLING

LD 613 proposed to amend the Maine Employment Tax Increment Financing Act to change beginning January 1, 2006 from 5 to one the number of qualified employees a business must add in order to qualify for reimbursement of state income withholding taxes.

**Committee Amendment "A" (H-109)** proposed to add an appropriations and allocations section to the bill.

**Senate Amendment "B" (S-191)** proposed to prohibit an owner-operated business, when the only employee is the owner of the business, from obtaining a benefit under the Maine Employment Tax Increment Financing Act.

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If such a business were to add an employee, that employee could not have an ownership interest of 50% or more in the business and be considered a "qualified employee" for purposes of the business' obtaining a benefit.

This bill, and its adopted amendments, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

### **LD 626                      An Act Relating to the Sale of Foreclosed Property                      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TWOMEY	ONTP      MAJ	H-590
BRYANT B	OTP-AM    MIN	
	OTP-AM    MIN	

LD 626 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 of 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 fails 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. The bill proposed to require any municipality that has availed itself of the tax lien foreclosure process since January 1, 2000 to return any excess funds to the former owners.

**Committee Amendment "A" (H-590)**, a minority report of the committee, proposed to require a municipality to place a notice in a newspaper of general circulation containing certain financial information related to the sale of a foreclosed property when the municipality experiences a net gain of \$10,000 or more from the sale.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

### **LD 632                      An Act To Lower the Tax Burden for Small Businesses and Low-                      CARRIED OVER income Families**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BOWEN	OTP-AM	H-586
COURTNEY		

LD 632 proposed to conform Maine income tax law to federal provisions concerning bonus depreciation and "Section 179" expensing by eliminating the required addition to income beginning in the 2005 tax year.

**Committee Amendment "A" (H-586)** proposed to incorporate changes enacted as part of Public Law 2005, chapter 12 and add a section making the earned income tax credit refundable and restoring that credit to 5% of the federal credit for tax years beginning in 2005.

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This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 672**                      **An Act To Promote Ornamental Horticulture by Amending the**                      **CARRIED OVER**  
**Definition of "Commercial Agricultural Production"**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FLETCHER NUTTING J	OTP-AM	H-174

LD 672 proposed to restrict sales tax exemptions for certain agricultural products to those used in commercial agriculture and to expand the types of agricultural activities for which the exemptions are available. The bill also proposed to impose a sales tax on sales of automobile extended warranties.

**Committee Amendment "A" (H-174)** proposed to restrict the expansion of the agricultural sales tax exemptions proposed in the bill to products used in commercial production of greenhouse and nursery products. It also proposed to remove the expansion of the sales tax to automobile extended warranties.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

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**LD 700**                    **An Act To Provide Tax Benefits for Sale of Leased Land Used as a Primary Residence**                    **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS P CLARK	ONTP      MAJ OTP-AM    MIN	S-267

LD 700 proposed an income tax exemption for capital gains for a person who sells property to a person who, at the time of the sale, was leasing the property for use as a primary residence.

**Committee Amendment "A" (S-267)** proposed that the exemption would be available only when property is sold to an individual for use as that individual's homestead.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 705**                    **An Act To Relieve the Income Tax Burden in the State through Revenue-neutral Means**                    **ONTP**

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

LD 705 was a concept draft that proposed the following:

1. To increase the tax on alcohol sold by the glass from 7% to 10%;
2. To increase the excise and premium taxes by 30¢ on wine;
3. To increase the excise and premium taxes by 30¢ on beer;
4. To increase the cigarette tax by 50¢;
5. To increase the tobacco products tax, exclusive of the cigarette tax, from 16% to 62% on smoking tobacco and from 62% to 75% on smokeless tobacco;
6. To increase the meals and lodging tax from 7% to 10% for the months of May, June, July, August, September and October only;
7. To establish a soft drink tax of \$4 per gallon of soft drink syrup and 42¢ per gallon of bottled soft drinks; and
8. To increase the income level at which the highest marginal income tax rate is imposed.

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**LD 709**                      **An Act Promoting Excise Tax Fairness by Allowing Refunds for Excise Taxes Paid on Vehicles**                      **ONTP**

<u>Sponsor(s)</u> SHIELDS COURTNEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 709 proposed to allow a person who registers and pays the excise tax on a vehicle that is subsequently transferred or destroyed to receive a prorated credit of the tax towards the registration of another vehicle or a refund.

**LD 716**                      **An Act To Create an Income Tax Checkoff To Support Veterans' Cemeteries**                      **CARRIED OVER**

<u>Sponsor(s)</u> THOMPSON MARTIN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-176
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LD 716 proposed to establish the Maine Veterans' Memorial Cemetery Maintenance Fund to provide for the maintenance and upkeep of Maine veterans' cemeteries funded by an income tax checkoff.

**Committee Amendment "A" (H-176)** proposed to add an appropriations and allocations section to the bill.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 731**                      **An Act To Simplify the Maine Residents Property Tax Program**                      **ONTP**

<u>Sponsor(s)</u> BOWEN ROSEN R		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 731 proposed to permit eligible individuals to claim benefits under the Maine Residents Property Tax Program as a refundable income tax credit.

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**LD 734**                      **An Act To Establish a Long-term Capital Gains Tax Rate**                      **ONTP**

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

LD 734 proposed to tax capital gains from the sale of assets held for more than one year at a flat rate of 3% under the income tax instead of the current graduated income tax rate structure.

**LD 736**                      **An Act To Provide Property Tax Relief to County Taxpayers**                      **ONTP**

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

LD 736 proposed to authorize a county to establish a county real estate transfer tax and to permit that county to retain 100% of the revenue generated by the real estate transfer tax. It requires the county to apply the revenue evenly between a capital reserve account for the county and an account used to reduce the county tax levy. The bill also proposed changes to the Housing Opportunities for Maine Fund to reflect the loss of real estate transfer tax revenue.

**LD 740**                      **An Act To Amend Maine's Nonresident Income Tax Provisions**                      **ONTP**

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

LD 740 proposed to exempt from Maine income tax income from personal services performed by a nonresident in connection with training or education or in connection with a site inspection, review, analysis of management or any other supervision of a Maine-based affiliate or subsidiary by a representative from a parent company not headquartered in Maine.

See also LD 236.



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**LD 745**                      **An Act To Clarify the Definition of "Grocery Staples" To Include Pure Maple Syrup under the Tax Laws**                      **ONTP**

<u>Sponsor(s)</u> WESTON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 745 proposed to exempt candy and products made solely from pure maple syrup from sales tax.

**LD 746**                      **An Act To Exempt Tax on Leased Property Used by Maine's Public Higher Education Institutions**                      **ONTP**

<u>Sponsor(s)</u> PERRY J HUTTON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 746 proposed to exempt real and personal property leased by a state-sponsored postsecondary educational institution from property taxation. It also proposed to exempt from sales tax certain sales of items to an entity that leases real or personal property to a state-sponsored post-secondary educational institution.

**LD 747**                      **An Act To Provide a Sales Tax Exemption during the Holiday Season for Nonprofit Organizations That Purchase Gifts for Underprivileged Children**                      **ONTP**

<u>Sponsor(s)</u> MAYO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 747 proposed a sales tax exemption from Thanksgiving to December 31st for sales to incorporated nonprofit organizations whose primary purpose is providing gifts to underprivileged children.

See also LD 81 and LD 452.

**LD 751**                      **An Act Concerning Counties' Share of the Real Estate Transfer Tax**                      **ONTP**

<u>Sponsor(s)</u> DAMON BARSTOW		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 751 proposed to increase the portion of the real estate transfer tax that is retained by the county by 5% each year beginning February 2006 from the current level of 10% to a maximum of 30% in 2009. The bill also

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proposed to change the distribution percentage of the revenue derived from the transfer tax imposed on deeds or controlling interests in real property to give the Maine State Housing Authority 35% of the revenue.

**LD 752**                      **An Act Regarding Equipment Used in Food Preparation under the BETR Program**                      **ONTP**

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

LD 752 proposed to include in the definition of "qualified business property" under the BETR program equipment used in the preparation of food taxed at 7% under the sales tax.

**LD 778**                      **An Act To Exempt the Sale of Electric, Hybrid or Hydrogen-Fueled Vehicles from State Sales Tax and Excise Tax**                      **ONTP**

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

LD 778 proposed to replace the current partial sales tax exemption for clean fuel vehicles with a 100% sales tax exemption for a hybrid gasoline-electric vehicle, a fuel-cell-fueled vehicle or a hydrogen-fueled vehicle. This bill also proposed a motor vehicle excise tax exemption, for the first 3 model years of a hybrid gasoline-electric vehicle or a fuel-cell-fueled or hydrogen-fueled vehicle, the excise tax due on the vehicle.

See also LD 275, LD 305 and LD 308.

**LD 782**                      **An Act To Provide a Capital Gains Tax Exemption for the Sale of a Business or Unimproved Property for a Taxpayer 50 Years of Age or Older**                      **ONTP**

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

LD 782 proposed an income tax exemption of up to \$500,000 in capital gains from the sale of a business or unimproved property if the taxpayer was 50 years of age or older.

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**LD 785**                      **An Act To Allow Employers To Take a Tax Deduction for Their Employees' Transportation Costs BY REQUEST**                      **ONTP**

<u>Sponsor(s)</u> MARLEY	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 785 proposed to provide an income tax deduction for the amount of federally qualified transportation fringe benefit program payments provided by an employer to an employee.

**LD 791**                      **An Act Concerning the Taxation of Property Owned by Certain Veterans' Organizations**                      **CARRIED OVER**

<u>Sponsor(s)</u> MARTIN PINEAU	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-299
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LD 791 proposed to amend the property tax exemption for benevolent and charitable institutions to permit a partial exemption of multiple use property based on the portion owned and occupied or used solely by the exempt institution.

**Committee Amendment "A" (S-299)** proposed to change the title of the bill and replace the provisions of the original bill with an expansion of the property tax exemption for veterans' organizations to apply to property owned, occupied and used by those organizations to further charitable purposes. If a portion of the property were used solely for purposes not related to the veterans' organization, that portion would be subject to property tax.

This bill and its adopted amendment were placed on the Special Appropriations Table and carried over to the next special or regular session.

**LD 827**                      **An Act To Preserve Farmland and Timberland following the Death of an Owner**                      **ONTP**

<u>Sponsor(s)</u> FLETCHER ANDREWS	<u>Committee Report</u> OTP-AM    MAJ ONTP        MIN	<u>Amendments Adopted</u>
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LD 827 proposed to exempt from the estate tax the value of eligible farmland and timberland.

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**LD 828**                    **An Act To Have Counties Retain All the Proceeds from the Real Estate Transfer Tax**                    **ONTP**

<u>Sponsor(s)</u> PINKHAM		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 828 proposed to increase from 10% to 100% the amount of the real estate transfer tax that is retained by the county in which the tax is collected.

**LD 841**                    **An Act To Reform the Taxation of Malt Liquor and Wine**                    **INDEF PP**

<u>Sponsor(s)</u> MILLS P		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 841 proposed to replace current excise and premium taxes on beer and wine with uniform excise and premium taxes based on the alcohol content of the product. The excise tax would be 1 cent for each 1/10 of an ounce of 100% alcohol. The premium tax would be 2/10 of a cent for each 1/10 of an ounce of 100% alcohol.

Before reference to committee, this bill was ruled improperly before the House of Representatives by the Speaker as in violation of Article IV, Part 3, Section 9 of the Maine Constitution which requires bills raising a revenue to originate in the House of Representatives.

**LD 851**                    **An Act To Maintain Traditional Recreational Uses in Maine's Forests**                    **ONTP**

<u>Sponsor(s)</u> SAVIELLO MARTIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 851 proposed to remove eligibility under the Maine Tree Growth Tax Law for a parcel of land greater than 10,000 acres to which public access for recreational use is limited or prohibited.

See also LD 988 and LD 1328.

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**LD 902**                      **RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Change the Method of Calculating Property Values To  
Preserve Home Ownership in Maine**                      **ONTP**

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

LD 902 proposed to amend the Constitution of Maine to establish the base property value for real property for property tax purposes as the just value of the property as of April 1, 2006. Increases in the value of real property would be limited to the just value of any improvements or degradations to the property and the lower of the rate of inflation and the actual increase in value of the real property, unless there is a change of ownership. If there were a change of ownership, the value of the property would be changed to the higher of the actual purchase price and the just value of the property on the April 1st preceding the change in ownership.

**LD 965**                      **RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Provide a \$5,000 Property Tax Exemption to Veterans,  
Regardless of Home Value**                      **ONTP**

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

LD 965 proposed to amend the Constitution of Maine to provide, beginning with the property tax year 2006, a property tax exemption for the first \$5,000 of taxable value of real estate owned by a veteran of the Armed Forces of the United States.

**LD 972**                      **An Act To Exempt Military Pensions for Future Military Retirees**    **CARRIED OVER  
from State Income Tax**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EBERLE	ONTP      MAJ	H-191
DAVIS P	OTP-AM    MIN	S-214    PERRY J

LD 972 proposed to exempt from the state income tax all military pension benefits for military personnel retiring on or after January 1, 2006 received by a Maine resident as a result of service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard.

**Committee Amendment "A" (H-191)** proposed changes to accomplish more effectively the intent of the bill.

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**Senate Amendment "A" To Committee Amendment " " (S-214)** proposed to apply the exemption from state income tax for military pension benefits to all military personnel, instead of just to those retiring after January 1, 2006.

This bill, and its adopted amendments, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 987**                      **Resolve, Directing the Bureau of Revenue Services To Review the Law Governing the Taxation of Corporate Income**                      **ONTP**

<u>Sponsor(s)</u> STRIMLING		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 987 proposed to direct the Department of Administrative and Financial Services, Bureau of Revenue Services to review the existing law governing the taxation of corporate income and assess whether it would be economically advantageous to restore a distinction in the state tax law between apportionable business income and allocable nonbusiness income.

**LD 988**                      **An Act To Amend the Maine Tree Growth Tax Law**                      **ONTP**

<u>Sponsor(s)</u> DAVIS P CARR		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 988 proposed to reduce the property tax owed under the Maine Tree Growth Tax Law by 25% for a parcel of classified land of 1,000 or more contiguous acres if the owner allowed public access to the land.

See also LD 851 and LD 1328.

**LD 1009**                      **RESOLUTION, Proposing an Amendment to the Constitution of Maine To Allow Real Estate To Be Valued Differently Based on the Residency of the Owner**                      **ONTP**

<u>Sponsor(s)</u> TURNER		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1009 proposed to amend the Constitution of Maine to require the Legislature to require municipalities to establish fixed valuations of property owned by permanent residents of Maine. Increases in value would occur only if the property was transferred through sale or other means to a non-Maine resident or the owner was no longer considered a permanent Maine resident. At the time of transfer to a non-Maine resident, the valuation of the property would increase to the amount of the just value.

## *Joint Standing Committee on Taxation*

**LD 1011**

**An Act To Establish the Maine Taxpayers' Bill of Rights**

**ONTP**

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

LD 1011 proposed to impose expenditure limitations on state and local government and to require voter approval of tax and fee increases.

Growth in annual expenditures of the General Fund, the Highway Fund, quasi-governmental organizations, Other Special Revenue funds and local district governments would be limited according to increases in population and inflation. Growth in budgets of school administrative units and state-level educational institutions would be limited according to increases in inflation and student enrollment. For the General Fund and Highway Fund budgets, revenues exceeding the expenditure limitation would be distributed by directing 20% of that excess to a budget stabilization fund and 80% of that excess to a tax relief fund. The budget stabilization funds would be used only in years when revenues are not sufficient to fund the level of expenditure permitted by the growth limits. The tax relief funds would be used to provide tax relief through refunds proportional to individual income tax personal exemptions claimed in the previous tax year or a decrease in motor fuels taxes. For quasi-governmental agencies and state agencies that manage Other Special Revenue funds, the managers of those funds would report excess surpluses to the Legislature with a plan for refund of those revenues.

Under this bill, an increase in revenue would be possible only by a 2/3 vote of each House of the Legislature or the legislative body of a local district or the governing body of a quasi-governmental agency and the approval of the voters of the jurisdiction, if applicable.

**LD 1012**

**An Act To Improve Security at State Courthouses**

**PUBLIC 113**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PELLETIER-SIMPS	OTP-AM	H-173
STRIMLING		

LD 1012 proposed to create the Courthouse Security Fund to be used to improve security and public safety at Maine court facilities. Revenue for the fund would be generated by an additional sales tax of 7% on the sale of firearms and ammunition for firearms sold by licensed firearm dealers.

**Committee Amendment "A" (H-173)** proposed to delete portions of the bill creating an additional 7% sales tax on the sale of firearms and ammunition for firearms.

### *Enacted law summary*

Public Law 2005, chapter 113 creates the Courthouse Security Fund to be used to improve security and public safety at Maine court facilities.

*Joint Standing Committee on Taxation*

**LD 1019**                    **An Act To Increase the Tax Imposed on Lodging**                    **ONTP**

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

LD 1019 proposed to increase the sales tax on lodging from 7% to 10%. The bill also proposed to return 30% of the sales tax imposed on lodging to the municipalities in which those taxes were collected.

**LD 1032**                    **RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Lower the Income Tax**                    **ONTP**

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

LD 1032 proposed to amend the Constitution of Maine to establish a timetable for phasing-in a reduction in the maximum individual income tax rate to 3.5% over 5 years. It also proposed to phase-in an income tax exemption of up to \$20,000 over that same time period.

**LD 1059**                    **An Act To Reduce Maine's Income Tax Burden**                    **ONTP**

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

LD 1059 proposed to eliminate the income tax on taxable income less than \$24,000 for heads of household or married individuals filing joint returns.

**LD 1060**                    **RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Value Land Based on Its Current Use**                    **ONTP**

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

LD 1060 proposed to amend the Constitution of Maine to require that property taxes be assessed based on current use value rather than just value.



*Joint Standing Committee on Taxation*

**LD 1066**                      **An Act To Repeal the Homestead Property Tax Exemption and Redirect Property Tax Relief Funds to the Maine Residents Property Tax Program**                      **ONTP**

<u>Sponsor(s)</u> TURNER		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1066 proposed to repeal the homestead property tax exemption and expand the Maine Residents Property Tax Program, commonly known as the "circuit breaker" program by reducing the property tax to income thresholds from 4% and 8% to 3% and 6%, respectively, and by increasing the maximum benefit payment from \$2,000 to \$3,000.

See also LD 1, Public Law 2005, chapter 2, Parts E and F summarized under the Joint Select Committee on Property Tax Reform.

**LD 1068**                      **An Act To Strengthen Maine's Small Business Economy**                      **ONTP**

<u>Sponsor(s)</u> BROMLEY SMITH N		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1068 proposed to deappropriate 10% of amounts identified as necessary for the Business Equipment Tax Reimbursement program and use those fund for various small business development infrastructure programs administered by the Department of Economic and Community Development and the Department of Labor.

The bill also proposed to authorize the InforME program to generate revenue through fees or surcharges on premium services and to accept funds from all sources, including General Fund appropriations.

See also LD 1691, Public Law 2005, chapter 457, Part BBB which reduced BETR by 10% for the 2006 application year only.

See also LD 1400 and LD 1557.

***Joint Standing Committee on Taxation***

**LD 1074                    An Act To Stimulate Economic Development in Maine's Aviation Industry                    CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAIGLE	OTP-AM    MIN	H-299
PERRY J	OTP-AM    MIN ONTP        MIN	

LD 1074 proposed to expand the sales tax exemption for aircraft purchased or leased by a nonresident and immediately transported out of the State by including within the exemption sales or leases of any aircraft and repair or replacement parts used exclusively in aircraft or in the overhauling or rebuilding of aircraft.

**Committee Amendment "B" (H-299)** proposed to limit the exemption for aircraft to those that weigh over 6,000 pounds, that are propelled by turbine engines or are in use by a Federal Aviation Administration classified 135 operator and to remove aircraft parts from the exemption.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 1086                    An Act To Increase the Real Estate Transfer Tax on Out-of-state Purchasers                    ONTP**

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

LD 1086 proposed to impose an additional real estate transfer tax on grantees of real estate who are not Maine residents. The additional tax would be \$2.20 per \$500 of the value of the property being transferred.

**LD 1090                    An Act To Create a Grandparent-to-grandchild Exemption in the Real Estate Transfer Tax                    CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CRESSEY COURTNEY	OTP-AM	H-171

LD 1090 proposed to exempt from the real estate transfer tax deeds between grandparent and grandchild.

**Committee Amendment "A" (H-171)** proposed to incorporate a fiscal note.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

## *Joint Standing Committee on Taxation*

**LD 1094**                      **Resolve, To Study Adoption of the Streamlined Sales and Use Tax Agreement**                      **RESOLVE 110**

<u>Sponsor(s)</u> LERMAN	<u>Committee Report</u>	<u>Amendments Adopted</u> H-603
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LD 1094 proposed to adopt the Streamlined Sales and Use Tax Agreement and require the Department of Administrative and Financial Services, Bureau of Revenue Services to report to the Second Regular Session of the 122nd Legislature regarding the effect of adopting the agreement and the legislation necessary to bring the State into compliance with the agreement.

**Committee Amendment "A" (H-603)** proposed to remove provisions related to adopting the Streamlined Sales and Use Tax Agreement and to amend the provisions relating to the report and legislation to be submitted by the Department of Administrative and Financial Services, Bureau of Revenue Services.

### *Enacted law summary*

Resolve 2005, chapter 110 requires the Bureau of Revenue Services to submit a report to the Second Regular Session of the 122nd Legislature by January 15, 2006 that identifies statutory changes necessary to conform to the Streamlined Sales and Use Tax Agreement and the options available to provide conformity. The report must also identify the impact of available options and the fiscal and policy issues associated with conformity. The report must include implementing legislation that, as nearly as possible, Maine's current sales and use tax laws.

**LD 1102**                      **An Act To Connect the BETR Program with Job Retention**                      **CARRIED OVER**

<u>Sponsor(s)</u> CLARK STRIMLING	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1102 proposed to require that a recipient of benefits under the Business Equipment Tax Reimbursement program be required to refund a portion of benefits received if the recipient reduces its work force by terminating or suspending positions for more than 3 months. If the person is required to refund a portion of the reimbursement, that person would not be permitted to participate in the BETR program for 2 years.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

*Joint Standing Committee on Taxation*

**LD 1103**                      **An Act To Provide Funding to the Land for Maine's Future Fund**                      **ONTP**

<u>Sponsor(s)</u> BOWEN SAVAGE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1103 proposed to dedicate a portion of the real estate transfer tax revenue to the Land for Maine's Future Fund instead of the General Fund beginning in fiscal year 2006-07. It would require the Land for Maine's Future Board to dedicate at least 25% of the revenue generated by each county and transferred to the Land for Maine's Future Fund for land acquisitions within the county in which the transfer tax revenue was raised.

**LD 1107**                      **An Act To Encourage Local Affordable Housing, Open Space and Shore Access through a High Valuation Transfer Tax**                      **ONTP**

<u>Sponsor(s)</u> PINGREE DAMON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1107 proposed to allow a municipality, by local referendum, to impose a local option real estate transfer tax of up to .2% on property valued at \$1,000,000 or more. The registrar of deeds would collect the tax and identify amounts attributable to each municipality to be paid monthly by the county treasurer. Revenue from the tax, after the deduction of administrative costs, could be used by the levying municipality only for the development of affordable, middle-income, senior or workforce housing or the purchase of open space, shore access points or community working properties that are available for public use.

**LD 1110**                      **An Act To Alleviate Overcrowding in Public Schools**                      **ONTP**

<u>Sponsor(s)</u> VAUGHAN		<u>Committee Report</u> ONTP      MAJ OTP-AM    MIN		<u>Amendments Adopted</u>
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LD 1110 proposed to allow a parent whose child attends an overcrowded school to send that child to another public or private school and seek a property tax credit from the municipality in which the parent lives. The amount of the property tax credit would be determined by the municipality. This bill also proposed an income tax deduction to that parent equal to the difference between the actual cost and the amount of any property tax credit issued by a municipality to the resident.

## *Joint Standing Committee on Taxation*

**LD 1116                      An Act To Exempt from the Sales Tax Electricity Used in Homes                      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CAMPBELL	ONTP      MAJ	H-175
COURTNEY	OTP-AM    MIN	

LD 1116 proposed a sales tax exemption for persons who are 62 years of age or older for the purchase of residential electricity when that person's primary residence is heated with electricity.

**Committee Amendment "A" (H-175)** proposed to expand the sales tax exemption to include all sales of residential electricity on or after October 1, 2005.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 1132                      An Act To Dedicate a Portion of Sales Tax Revenue to                      ONTP**  
**Municipalities and Counties**

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

LD 1132 proposed that 20% of General Fund sales tax revenue over a ceiling equal to the amount of General Fund sales tax revenue projected for fiscal year 2004-05 be transferred to a Local Sales Tax Fund and distributed 50% to municipalities and 50% to counties based on the percentage of overall sales tax collections in those jurisdictions.

**LD 1134                      An Act Providing Senior Citizens with an Optional Deferred                      ONTP**  
**Payment Plan for the Payment of Property Taxes**

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

LD 1134 proposed to allow a municipality to establish a municipal property tax deferral program. The program would allow a resident who is at least 65 years of age and whose annual income is not more than 300% of the poverty level to pay property taxes on that person's residential property at the level that was in effect on that person's 65th birthday and defer any amounts that exceed that level. The property tax obligation would remain at that level until the residence is sold or transferred or the person elects to stop participating in the program. At that time, all property taxes assessed on the property but deferred because of participation in the program must be paid to the municipality.



## *Joint Standing Committee on Taxation*

**LD 1165**                      **An Act To Encourage the Preservation of Affordable Housing**                      **CARRIED OVER**

<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u> OTP-AM    MAJ ONTP        MIN	<u>Amendments Adopted</u> H-634
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LD 1165 proposed to exempt from the income tax capital gains or depreciation recapture associated with the sale of a multifamily affordable housing property. It also proposed to exempt the sale of a multifamily affordable housing property from the real estate transfer tax.

**Committee Amendment "A" (H-634)** proposed changes to improve administration of the exemption from the income tax capital gains and depreciation recapture associated with the sale of multifamily affordable housing property. The amendment also proposed to delete the real estate transfer tax exemption for affordable housing from the bill.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 1180**                      **An Act To Create a Property Tax Reimbursement for Commercial Dairy Farms**                      **ONTP**

<u>Sponsor(s)</u> MILLS P	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1180 proposed a property tax reimbursement program for commercial dairy farms that produce and sell at least 10,000 pounds of milk products in each of 6 months in one year. The reimbursement would equal 50% of property taxes paid on real estate that was necessary to support the farm's production of milk products for at least 6 months of the year for which reimbursement is sought.

**LD 1181**                      **An Act To Change the Property Tax Year for the Unorganized Territory**                      **ONTP**

<u>Sponsor(s)</u> MARTIN JACKSON	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1181 proposed to change the property tax year for real and personal property located in the unorganized territory from April 1st to April 1st annually to February 1st to February 1st annually and to require that the tax be assessed as of February 1st annually.

*Joint Standing Committee on Taxation*

**LD 1191**                      **An Act To Provide Tax-exempt Status to Service Dog Trainers**                      **ONTP**

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

LD 1191 proposed a sales tax exemption for certain purchases of essential goods and services made by an organization that trains service dogs used to assist persons with disabilities, as long as the organization is tax exempt under the United States Internal Revenue Code, Section 501(c)(3).

**LD 1199**                      **RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Limit Property Valuation Increases for Persons 65  
Years of Age or Older or Disabled Persons**                      **ONTP**

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

LD 1199 proposed to amend the Constitution of Maine to limit the increase of the taxable value of real property owned by persons who are 65 years of age or older or who are disabled to the rate of cost-of-living adjustments to Social Security benefits. The Legislature would be authorized to enact a means test or other income eligibility standards for determining participation.

**LD 1226**                      **An Act To Amend the Laws Governing the Taxation of Time-share  
Estates**                      **ONTP**

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

LD 1226 proposed to permit a municipality to require by ordinance that a condominium unit in which time-share estates have been created to be valued for real estate tax purposes as if the unit were owned by a single taxpayer and to require the managing entity or condominium association to collect the taxes.

**LD 1235**                      **RESOLUTION, Proposing an Amendment to the Constitution of  
Maine To Require That a Citizen-initiated Measure That Imposes  
a New or Increased Tax or Fee Be Approved by the Legislature  
and Signed by the Governor**                      **ONTP**

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



## *Joint Standing Committee on Taxation*

LD 1235 proposed to amend the Constitution of Maine to require that, in order to become law, a citizen-initiated measure that imposes a new or increased tax or fee must be approved by the Legislature and signed by the Governor.

**LD 1240**                      **An Act To Change the Maine Income Tax Rates**                      **ONTP**

<u>Sponsor(s)</u> CRESSEY NASS R	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1240 proposed to repeal the existing graduated individual income tax rates, exempt income below poverty level, provide 4 graduated tax rates from 1% to 10% and repeal the standard deductions, itemized deductions and personal exemptions.

**LD 1244**                      **An Act To Clarify the Municipal Responsibility To Provide Assessing Information to Property Owners**                      **PUBLIC 187**

<u>Sponsor(s)</u> HUTTON STRIMLING	<u>Committee Report</u> OTP-AM    MAJ ONTP        MIN	<u>Amendments Adopted</u> H-302
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LD 1244 proposed to require each property tax bill issued by a municipality to clearly state the acreage that is the subject of the property tax bill.

**Committee Amendment "A" (H-302)** proposed to replace the provisions of the bill and require municipal officials with custodial authority over property tax assessing records to make entire assessment records available in a timely manner to property owners requesting those records.

### *Enacted law summary*

Public Law 2005, chapter 187 requires municipal officials with custodial authority over property tax assessing records to make entire assessment records available in a timely manner to property owners requesting those records.

**LD 1258**                      **An Act To Provide for Department of Labor Services and Other Services in Unorganized Territories**                      **CARRIED OVER**

<u>Sponsor(s)</u> MARTIN JACKSON	<u>Committee Report</u>	<u>Amendments Adopted</u>
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## *Joint Standing Committee on Taxation*

LD 1258 proposed to assess landowners in the unorganized territory a fee equal to .01% of equalized state valuation for the landowners' property. The revenue from the fee would be used to offset the cost of providing services, such as police and fire protection, game warden services and services provided by Department of Labor personnel, in the unorganized territory.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

**LD 1264**                      **An Act To Amend Maine's Estate Tax Law**                      **ONTP**

<u>Sponsor(s)</u> MILLS P	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1264 proposed to allow for a special estate tax election at the state level so that the estate of an individual with a surviving spouse may fully fund the taxable estate with an amount equal to the federal exclusion without changing the taxable nature of the estate for Maine purposes.

The provisions of this bill were included in the Part 1 budget bill, Public Law 2005, chapter 12, Part N summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

**LD 1301**                      **An Act To Support Affordable Housing**                      **ONTP**

<u>Sponsor(s)</u> KOFFMAN	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1301 proposed to allow a municipality, by local referendum, to impose a local option real estate sales tax of 1% on the sale of property for more than \$1,000,000. Revenue from the tax would be distributed by the municipality levying the tax to local nonprofit housing organizations for the purpose of building, buying or developing affordable rental and owner-occupied housing in the municipality for eligible individuals or families. An "eligible individual or family" is defined as an individual or family whose total adjusted gross income is less than 120% of the median income for the United States Department of Labor district in which the eligible property was sold. If the municipality has no local nonprofit housing organization, the municipality would send the revenue to the Maine State Housing Authority.

**LD 1305**                      **An Act To Encourage Long-term Holding of Maine Timberland and Sustainable Forest Management**                      **PUBLIC 416**

<u>Sponsor(s)</u> FLOOD DAMON	<u>Committee Report</u> OTP-AM    MAJ ONTP        MIN	<u>Amendments Adopted</u> H-403
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LD 1305 proposed an income tax deduction for the taxable gain on the sale of eligible timberlands held for at least a 10-year period beginning on or after January 1, 2005. The amount of the deduction is increased in 10% increments depending on how many years beyond 10 the eligible timberlands are held prior to their sale. If the

## Joint Standing Committee on Taxation

timberlands are held for at least 19 years after January 1, 2005, the tax deduction is 100% of the gain on the sale of the eligible timberlands.

**Committee Amendment "A" (H-403)** proposed to add a requirement that eligible timberlands be sustainably managed. This amendment also provided that the amount of the deduction would increase from 1/15th of the capital gains to 100% incrementally over a 15-year period beginning after the 10th year of ownership.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

### *Enacted law summary*

Public Law 2005, chapter 416 provides an income tax deduction to individuals and corporations for the taxable gain on the sale of sustainably managed eligible timberlands held for at least a 10-year period beginning on or after January 1, 2005. The amount of the deduction increases over a 15-year from 1/15th of the taxable capital gain for eligible timberlands held for at least 10 years after 2005 to 100% of the capital gain if the eligible timberlands are held for at least 24 years after 2005.

**LD 1314                      An Act To Provide Safety Net Funds                      ONTP**

<u>Sponsor(s)</u> PINGREE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1314 proposed to increase the cigarette tax by 4¢ and appropriate the additional funds for the Department of Health and Human Services, Bureau of Health to provide grants to federally qualified health centers and federal Indian Health Service-supported centers.

See also LD 1448 and LD 1617. A \$1.00 cigarette tax increase was enacted in Part AA of Public Law 2005, chapter 457.

**LD 1328                      An Act To Amend the Maine Tree Growth Tax Law To Encourage CARRIED OVER  
Public Access**

<u>Sponsor(s)</u> MARTIN PINEAU		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 1328 proposed to deny Maine Tree Growth Tax Law eligibility for a parcel of land to which public access for recreational use is limited or prohibited.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122<sup>nd</sup> Legislature.

See also LD 851 and LD 988.

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**LD 1343**                      **An Act To Simplify Rent and Property Tax Relief**                      **CARRIED OVER**

<u>Sponsor(s)</u> EDER STRIMLING	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1343 proposed that a claimant may apply for a benefit under the Maine Residents Property Tax Program on that claimant's individual income tax form.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

**LD 1364**                      **An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2005-06**                      **P & S 9  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-172
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LD 1364 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 constitute the property tax for the unorganized territory.

**Committee Amendment "A" (H-172)** proposed corrections to incorporate changes made in Public Law 2005, chapter 12.

### *Enacted law summary*

Private and Special 2005, chapter 9 establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

Chapter 9 was enacted as an emergency measure effective May 12, 2005.

**LD 1400**                      **An Act To Reduce Payments under the Business Equipment Tax Reimbursement Program and To Eliminate Double Dipping and Increase Conformity with the Internal Revenue Code**                      **CARRIED OVER**

<u>Sponsor(s)</u> MILLS P	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1400 proposed to reduce reimbursement under the Business Equipment Tax Reimbursement, BETR, program to 90% of taxes paid and to reduce BETR program reimbursement by the amount of reimbursement under a tax increment financing district.

## *Joint Standing Committee on Taxation*

The bill also proposed to increase the State's conformity with the federal Internal Revenue Code by incorporating the federal exemption amount into the state estate tax and by conforming to the federal tax deductibility of health saving accounts.

Reimbursement under the BETR program was reduced for one year to 90% of taxes paid for the application period beginning August 1, 2006 in Public Law 2005, chapter 457, Part BBB.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

See also LD 1068 and LD 1557.

<b>LD 1437</b>	<b>An Act To Broaden the Sales Tax Base and Lower the Sales and Use Tax and Service Provider Tax Rates</b>	<b>ONTP</b>
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<u>Sponsor(s)</u> PERCY PERRY J	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1437 proposed to repeal exemptions, credits and refunds under the sales and use tax and the service provider tax and lower the rate of those taxes from 5% to 2%.

<b>LD 1448</b>	<b>An Act To Stabilize and Strengthen the MaineCare Program</b>	<b>INDEF PP</b>
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<u>Sponsor(s)</u> PINGREE MAYO	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 1448 contained the following proposals.

Part A of this bill proposed to increase the tax on cigarettes by \$1 per pack beginning October 15, 2005.

Part B proposed to establish the MaineCare Stabilization Fund, an Other Special Revenue fund, to prevent the loss of services or increased costs of services under the MaineCare program under the Maine Revised Statutes, Title 22, chapter 855 or the elderly low-cost drug program under Title 22, section 254. Part B also proposed to require the collection of the full amount owed to the Department of Health and Human Services of rebates on injectable drugs administered in a health care facility.

Part C proposed to require the Department of Health and Human Services to contract for services to maximize Medicare billing and require coordination of benefits among the Medicare program and the MaineCare program and the elderly low-cost drug program. Part C also proposed to require the adoption of procedures to ensure the collection of interest on late drug rebate payments to the Department of Health and Human Services.

Part D proposed to maximize federal veterans' benefits, including reviews of eligibility by the Department of Health and Human Services, recovery of amounts owed for veterans' care and adoption or amendment of rules regarding administration of medication to veterans in long-term care facilities.

## *Joint Standing Committee on Taxation*

This bill was referred jointly to the Joint Standing Committee on Health and Human Services and the Joint Standing Committee on Taxation. The committees did not vote on this bill.

See also LD 1314 and LD 1617. A \$1.00 cigarette tax increase was enacted in Part AA of Public Law 2005, chapter 457. The MaineCare Stabilization Fund was enacted in Part JJJ of Public Law 2005, chapter 457.

**LD 1462**                      **An Act To Make Minor Substantive Changes to the Tax Laws**                      **PUBLIC 332**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY PERRY J	OTP-AM	H-392 S-232 PERRY J

LD 1462 was submitted by the Department of Administrative and Financial Services and proposed to make the following minor substantive changes to the laws governing taxation.

1. Authorize employees of the Department of Administrative and Financial Services, Bureau of Revenue Services to represent the bureau in District Court at arraignments for violation of any criminal provision of the Maine Revised Statutes, Title 36.
2. Amend the definition of "tax" to include any amount assessed by the State Tax Assessor under Title 36.
3. Establish a civil penalty for persons who are required to file returns electronically and who fail to do so.
4. Permit disclosure of confidential tax information to the Department of Health and Human Services for purposes related to the administration and collection of the hospital tax and the service provider tax.
5. Correct the name of the state agency to which information pertaining to the quality child care investment credit may lawfully be disclosed.
6. Authorize the Bureau of Revenue Services to provide copies of pass-through entity tax returns to members, officers and certain other related parties of the entity.
7. Permit the Bureau of Revenue Services to disclose whether a person has been issued a resale certificate under the sales and use tax law.
8. Authorize the Bureau of Revenue Services to disclose to the Department of the Secretary of State, Bureau of Motor Vehicles or the Department of Inland Fisheries and Wildlife, Bureau of Administrative Services whether use tax has been paid on a vehicle or recreational vehicle.
9. Clarify the State Tax Assessor's authority to require electronic filing of payroll taxes by payroll processors and certain large employers.
10. Extend the period within which a municipality that has experienced a sudden and severe disruption in its municipal valuation may request an adjustment to its equalized valuation by about 105 days.
11. Clarify that film production qualifies as production for purposes of the sales and use tax law.

## *Joint Standing Committee on Taxation*

12. Amend the definition of "retail sale" to provide that sales for resale are not retail sales when made to the holder of a valid resale certificate or to an out-of-state retailer that is not required to register as a seller in the State.
13. Make the distribution of natural gas a taxable service under the sales and use tax law to ensure consistency in the taxation of charges for distribution of natural gas regardless of whether they are bundled with the sale of the gas.
14. Extend the period for which a resale certificate is effective from one year to 3 years.
15. Provide that a credit for sales tax paid by a retailer on purchases for resale may be claimed on the return filed for the period in which the tax was paid, rather than on the return filed for the period in which the item was sold.
16. Decrease the period for requesting an off-road refund under the gasoline tax law from 15 months to 12 months for consistency with other similar provisions, clarify that the 1¢ reduction in the reimbursement applies to each gallon of fuel and that refund applications may be filed for other than monthly periods and eliminate convoluted and archaic language.
17. Increase the period for requesting a common carrier refund under the gasoline tax law from 9 months to 12 months for consistency with other similar provisions.
18. Increase the period for requesting a common carrier refund under the special fuel tax law from 9 months to 12 months for consistency with other similar provisions.
19. Decrease the period for requesting an off-road refund under the special fuel tax law from 15 months to 12 months for consistency with other similar provisions and clarify that the 1¢ reduction in the reimbursement applies to each gallon of fuel and that refund applications may be filed for other than monthly periods.
20. Require nonresident taxpayers to include in Maine-source income any winnings from wagering or gambling activities conducted in Maine.
21. Clarify that trusts and entities subject to the franchise tax on financial institutions are not required to withhold Maine income taxes from distributable Maine-source income of nonresident members.
22. Authorize setoff of income tax refunds against liabilities arising from redeterminations under the Maine Residents Property Tax Program.
23. Bar a refund of overpaid withheld income taxes to a pass-through entity if the overpayment results from income tax actually withheld from members of the pass-through entity and remitted to the Department of Administrative and Financial Services, Maine Revenue Services pursuant to the Maine Revised Statutes, Title 36, section 5250-B. Instead, the overpayment would be refunded directly to the individual member when that member claims a withholding credit on the member's individual income tax return.
24. Provide for accrual of interest on debts attributable to a redetermination under the Maine Residents Property Tax Program and authorize setoff of current-year benefits to recover overpayments from prior years. It would also clarify that appeals of redeterminations are governed by Title 36, section 151 and eliminates gender-specific language.

## *Joint Standing Committee on Taxation*

25. Clarify procedures relating to denial and recovery of excessive claims attributable to fraud or negligence under the Maine Residents Property Tax Program, replaces the special 1% per month rate of interest applicable to these debts with a rate generally applicable to overdue taxes and clarify that intent is an element of the crime of filing a fraudulent claim for the claimant as well as for the preparer or the supplier of information or an assistant of those persons.
26. Clarify that compensation received after 2003 from personal services performed in the State prior to 2004 by a nonresident individual is taxable to the State only if the personal services are performed in the State for more than 10 days during the year in which the compensation is received. It further clarified that compensation received after 2003 for personal services performed after 2003 by a nonresident individual is taxable to the State only if the personal services are performed in the State for more than 10 days during the year in which the compensation was earned.

**Committee Amendment "A" (H-392)** proposed to make technical corrections, add new minor substantive changes to the tax laws and delete sections that were unnecessary, duplicative of changes in other bills or considered not to be minor.

**Senate Amendment "A" To Committee Amendment "A" (S-232)** proposed to change the timing of establishment of the rate of interest on delinquent municipal taxes by the Treasurer of State to be more consistent with current practice.

### *Enacted law summary*

Public Law 2005, chapter 332 makes the following changes to the laws governing taxation:

1. It authorizes employees of the Department of Administrative and Financial Services, Bureau of Revenue Services to represent the bureau in District Court at arraignments for violation of any criminal provision of the Maine Revised Statutes, Title 36.
2. It amends the definition of "tax" to include any amount assessed by the State Tax Assessor under Title 36.
3. It establishes a civil penalty for persons who are required to file returns electronically and who fail to do so.
4. It permits disclosure of confidential tax information to the Department of Health and Human Services for purposes related to the administration and collection of the new hospital tax and the service provider tax.
5. It corrects the name of the state agency to which information pertaining to the quality child care investment credit may lawfully be disclosed.
6. It authorizes the Bureau of Revenue Services to provide copies of pass-through entity tax returns to members, officers and certain other related parties of the entity.
7. It permits the Bureau of Revenue Services to disclose whether a person has been issued a resale certificate under the sales and use tax law.
8. It authorizes the Bureau of Revenue Services to disclose to the Department of the Secretary of State, Bureau of Motor Vehicles or the Department of Inland Fisheries and Wildlife, Bureau of Administrative Services whether use tax has been paid on a vehicle or recreational vehicle.



## *Joint Standing Committee on Taxation*

9. It clarifies the State Tax Assessor's authority to require electronic filing of payroll taxes by payroll processors and certain large employers.
10. It extends the period within which a municipality that has experienced a sudden and severe disruption in its municipal valuation may request an adjustment to its equalized valuation. This will give municipal officials requesting an adjustment due to sudden and severe disruption the same filing period as that provided under current law for filing an appeal on the equalized valuation or minimum assessing standards.
11. It changes the basis for establishment of the maximum interest rate that may be charged by municipalities on overdue property taxes from the highest conventional rate on commercial unsecured loans to the prime interest rate plus 3 percentage points.
12. It clarifies that film production qualifies as production for purposes of the sales and use tax and the service provider tax.
13. It provides that a credit for sales tax paid by a retailer on purchases for resale may be claimed on the return filed for the period in which the tax was paid, rather than on the return filed for the period in which the item was sold. If the credit exceeds tax liability, the retailer may receive a refund or carry the credit forward.
14. It decreases the period for requesting an off-road refund under the gasoline tax law from 15 months to 12 months for consistency with similar provisions, clarifies that the 1¢ reduction in the reimbursement applies to each gallon of fuel and that refund applications may be filed for other than monthly periods.
15. It increases the period for requesting a common carrier refund under the gasoline tax or the special fuel tax from 9 months to 12 months for consistency with similar provisions.
16. It decreases the period for requesting an off-road refund under the special fuel tax law from 15 months to 12 months for consistency with other provisions and clarifies that the 1¢ reduction in the reimbursement applies to each gallon of fuel and that refund applications may be filed for other than monthly periods.
17. It requires nonresident taxpayers to include in Maine-source income any winnings from wagering or gambling activities conducted in Maine including 3rd party payments.
18. It clarifies that trusts and entities subject to the franchise tax on financial institutions are not required to withhold Maine income taxes from distributable Maine-source income of nonresident members.
19. It authorizes setoff of income tax refunds against liabilities arising from redeterminations under the Maine Residents Property Tax Program.
20. It bars a refund of overpaid withheld income taxes to a pass-through entity if the overpayment results from income tax actually withheld from members of the pass-through entity and remitted to the Department of Administrative and Financial Services, Maine Revenue Services pursuant to the Maine Revised Statutes, Title 36, section 5250-B. Instead, the overpayment is refunded directly to the individual member when that member claims a withholding credit on the member's individual income tax return.
21. It provides for accrual of interest on debts attributable to a redetermination under the Maine Residents Property Tax Program and authorizes setoff of current-year benefits to recover overpayments from prior years. It also clarifies that appeals of redeterminations are governed by Title 36, section 151 and eliminates gender-specific language.

## *Joint Standing Committee on Taxation*

22. It clarifies procedures relating to denial and recovery of excessive claims attributable to fraud or negligence under the Maine Residents Property Tax Program, replaces the special 1% per month rate of interest applicable to these debts with a rate generally applicable to overdue taxes and clarifies that intent is an element of the crime of filing a fraudulent claim for the claimant as well as for the preparer or the supplier of information or an assistant of those persons.
23. It clarifies that compensation received after 2003 from personal services performed in the State prior to 2004 by a nonresident individual is taxable to the State only if the personal services are performed in the State for more than 10 days during the year in which the compensation is received. It further clarifies that compensation received after 2003 for personal services performed after 2003 by a nonresident individual is taxable to the State only if the personal services are performed in the State for more than 10 days during the year in which the compensation was earned.

**LD 1520**                      **An Act To Provide Reimbursement for Road Maintenance to Property Owners in the Unorganized Territory**                      **ONTP**

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

LD 1520 is a concept draft that proposed to provide reimbursement for road maintenance to property owners in the unorganized territory. To be eligible for reimbursement, a property owner must be a member of an organized road association that has a road maintenance plan, that maintains at least 4 miles of road and that permits year-round recreational access to the public over roads maintained by the association, including access to boat launches and snowmobile trails. This reimbursement would be at a per mile rate and based upon how many miles of road an association maintains. A portion of the property taxes paid by these property owners would be used to provide this reimbursement.

**LD 1534**                      **An Act To Encourage the Production of Biodiesel from Forest Products, Agricultural Products and Waste Vegetable Oil**                      **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMPSON BRYANT B	ONTP	

LD 1534 proposed to allow a municipality to refund a portion of the property tax on personal property paid by a taxpayer who produces fuel derived from forest products, agricultural products or waste vegetable oil that is from within the State and produced in the State. It also proposed to exempt that fuel from the gasoline tax. These provisions would be repealed December 31, 2012.

## *Joint Standing Committee on Taxation*

**LD 1546**

**An Act Concerning Technical Changes to the Tax Laws**

**PUBLIC 218**

<u>Sponsor(s)</u> WOODBURY PERRY J	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-391
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LD 1546 was submitted by the Department of Administrative and Financial Services and proposed to make the following technical changes to the laws governing taxation.

1. Correct the name of the Department of Administrative and Financial Services, Bureau of Revenue Services in a statute relating to state civil service positions.
2. Clarify that the fees established for service of tax warrants by sheriffs and deputy sheriffs apply to warrants for all taxes imposed under the Maine Revised Statutes, Title 36.
3. Provide for the assessment and collection of liabilities arising from failure of a 3rd party to surrender property subject to levy in the same manner as other tax liabilities and clarify that the rate of interest imposed on liabilities arising from failure of a 3rd party to surrender property subject to levy is the general rate applicable to unpaid taxes. The change would establish progressive enforcement procedures for collecting these debts and incorporate appropriate taxpayer protections in the collection process.
4. Relocate the substantive provisions of existing Title 36, sections 1964 and 3240, which relate to priority of tax debts, to the general administrative provisions of Title 36.
5. Extend the due date of the tax incidence report by 3 months from October 1st of each even-numbered year to January 1st of each odd-numbered year to ensure that the report is based on the latest economic and revenue forecasts developed for use in the Governor's biennial budget.
6. Expand the provision for inclusion of untaxed real property of widows and children of deceased veterans in the assessor's inventory to incorporate changes enacted in 2004 that broadened the veterans' exemption to include property of widowers of deceased veterans.
7. Expand the provision for abatement of property taxes for widows and children of deceased veterans to incorporate changes enacted in 2004 that broadened the veterans' exemption to include property of widowers of deceased veterans.
8. Add a specific requirement that a person who sells tangible personal property or taxable services in Maine on behalf of the owner must register as a seller and collect and remit Maine sales tax on those sales consistent with the long-standing interpretation of the statutes by the agency.
9. Clarify that provisions relating to certain sales of products for internal human consumption through vending machines are applicable regardless of the form of payment accepted by the vending machines.
10. Clarify that the sales tax exclusion for sales of furniture, audio media and audio equipment for rental is limited to those circumstances where the subsequent rental is subject to the service provider tax.
11. Clarify that the storage and use subject to the use tax includes storage and use of property purchased by casual sale, if the sale of that property would be subject to tax.

## *Joint Standing Committee on Taxation*

12. Repeal a sales tax exemption that is not currently being administered because the Office of the Attorney General has advised the Bureau of Revenue Services that it violates the commerce clause of the United States Constitution.
13. Clarify that a corporation or limited liability company cannot be a nonresident for purposes of the immediate removal exemptions in the sales and use tax law if it is organized in Maine or has its principal place of business in Maine consistent with the long-standing interpretation of the exemption statutes by Maine Revenue Services.
14. Update the sales and use tax exemption for snowmobiles and ATVs owned by nonresidents for consistency with other existing statutes and establish a provision to cover registration of property in the State when the owner made actual use of the property outside the State but was not required under the laws of that state to register it for that use.
15. Clarify a statute requiring payment of use tax at the time of registration of property required to be registered for use in this State with the Secretary of State or the Commissioner of Inland Fisheries and Wildlife.
16. Delete unnecessary and ineffective provisions relating to bankruptcy.
17. Repeal a provision relating to priority of taxes that is being relocated to the uniform administrative provisions of Title 36.
18. Amend the sales tax refund statute to provide for a refund in situations where a retailer has erroneously computed and paid the tax but did not collect the tax from the customer and establish a specific statutory basis for current agency practice.
19. Correct a cross-reference to federal regulations in the definition of "mobile telecommunications services" to make it consistent with federal law.
20. Define "nonprofit" for purposes of the service provider tax law.
21. Describe more precisely certain acts designated as crimes under the service provider tax law.
22. Clarify that certain sales of fabrication services for incorporation into real property of an exempt entity are not subject to the service provider tax.
23. Repeal a redundant criminal statute in the motor fuel tax laws.
24. Add special fuel tax, interest and penalties owed by retailers of low-energy fuels to the list of tax debts designated as personal and recoverable by civil action.
25. Repeal a provision relating to priority of taxes that is being relocated to the uniform administrative provisions of Title 36.
26. Repeal a redundant definition of "person" from the estate tax law.
27. Combine the cigarette tax imposed by Title 36, section 4365 and the additional cigarette tax imposed by Title 36, section 4366-D into a single tax that is equal to the sum of the 2 existing taxes.

## *Joint Standing Committee on Taxation*

28. Simplify the tobacco products tax law by deleting references to tax rates that are no longer in effect.
29. Repeal a redundant statute related to giving notice under the real estate transfer tax law.
30. Clarify that individual income tax modifications related to increased federal expense limitations are based on the expense actually used in the year the asset is placed in service.
31. Clarify that individual income tax modifications related to the federal work opportunity credit and the empowerment zone employment credit cannot be claimed more than once.
32. Clarify that corporate income tax modifications related to increased federal expense limitations are based on the expense actually used in the year the asset is placed in service.
33. Clarify that corporate income tax modifications related to the federal work opportunity credit and the empowerment zone employment credit cannot be claimed more than once.
34. Clarify the amount of corporate income tax adjustments relating to federal net operating loss carry-backs.
35. Clarify the statute of limitations regarding income tax claims for credit or refund to explicitly state that a claim attributable to a net operating loss carry-back must relate to a period for which net operating loss carry-backs are allowed.
36. Replace a requirement that the Bureau of Revenue Services provide a telefile application under the Maine Residents Property Tax Program with a more general requirement for an electronic filing option.
37. Consolidate 2 overlapping but inconsistent provisions enacted in 2004 that exclude gambling equipment from reimbursement under the BETR program.
38. Correct the name of the Bureau of Revenue Services in a statute providing for representation on the Multistate Tax Commission.
39. Eliminate a requirement that the cost of outreach activities intended to encourage participation in the Maine Residents Property Tax Program must be paid from the amounts appropriated for the program because there is no longer a specific appropriation for the Maine Residents Property Tax Program.
40. Clarify the definition of "nonprofit" in the sales tax law.
41. Correct a typographical error in the estate tax law.
42. Clarify the formula for proration of the state credit amount for purposes of calculation of estate tax on nonresident estates.
43. Clarify that a Maine estate tax return is required to be filed whenever the federal gross estate, increased by the amount of adjusted taxable gifts, exceeds the exclusion amount in effect prior to enactment of the federal Economic Growth Tax Relief Reconciliation Act of 2001.
44. Clarify the pension exclusion in the State's individual income tax law.

## *Joint Standing Committee on Taxation*

45. Amend the definition of "year for which relief is requested" under the Maine Residents Property Tax Program to incorporate changes made in the application period in Public Law 2005, chapter 2.
46. Shorten the allowable extension period under the Maine Residents Property Tax Program from 6 months to 2 months to reflect the expansion of the application period under Public L w 2005, chapter 2.

**Committee Amendment "A" (H-39)** proposed to correct provisions in the bill, add new technical changes identified after the bill was printed and remove provisions considered unnecessary or not technical in nature.

### *Enacted law summary*

Public Law 2005, chapter 218 makes the following changes to the laws governing taxation.

1. It corrects the name of the Department of Administrative and Financial Services, Bureau of Revenue Services in a statute relating to state civil service positions.
2. It clarifies that the fees established for service of tax warrants by sheriffs and deputy sheriffs apply to warrants for all taxes imposed under the Maine Revised Statutes, Title 36.
3. It provides for the assessment and collection of liabilities arising from failure of a 3rd party to surrender property subject to levy in the same manner as other tax liabilities and clarifies that the rate of interest imposed on liabilities arising from failure of a 3rd party to surrender property subject to levy is the general rate applicable to unpaid taxes. The change establishes progressive enforcement procedures for collecting these debts and incorporates taxpayer protections in the collection process.
4. It relocates the substantive provisions of existing Title 36, sections 1964 and 3240, which relate to priority of tax debts, to the general administrative provisions of Title 36.
5. It extends the due date of the tax incidence report by 3 months from October 1st of each even-numbered year to January 1st of each odd-numbered year. Extending the deadline will ensure that the report is based on the latest economic and revenue forecasts developed for use in the Governor's biennial budget.
6. It expands the provision for inclusion of untaxed real property of widows and children of deceased veterans in the assessor's inventory to include untaxed real property of widowers of deceased veterans. This makes the requirement consistent with changes enacted in 2004 that broadened the veterans' exemption to include property of widowers of deceased veterans.
7. It expands the provision for abatement of property taxes for widows and children of deceased veterans to include widowers of deceased veterans. This makes the abatement provision consistent with changes enacted in 2004 that broadened the veterans' exemption to include property of widowers of deceased veterans.
8. It adds a specific requirement that a person who sells tangible personal property or taxable services in Maine on behalf of the owner must register as a seller and collect and remit Maine sales tax on those sales. This requirement is consistent with the long-standing interpretation of the statutes by the bureau of Maine Revenue Services.
9. It clarifies that provisions relating to certain sales of products for internal human consumption through vending machines are applicable regardless of the form of payment accepted by the vending machines.

## *Joint Standing Committee on Taxation*

10. It clarifies that the sales tax exclusion for sales of furniture, audio media and audio equipment for rental is limited to those circumstances where the subsequent rental is subject to the service provider tax.
11. It clarifies that the storage and use subject to the use tax includes storage and use of property purchased at casual sales, if the sale of that property would be subject to tax.
12. It clarifies that the sales tax exclusion on casual sales of living quarters for less than 15 days does not apply if the seller offers more than one property for rent.
13. It clarifies that a corporation or limited liability company cannot be a nonresident for purposes of the immediate removal exemptions in the sales and use tax law if it is organized in Maine or has its principal place of business in Maine. This is consistent with the long-standing interpretation of the exemption statutes by Maine Revenue Services.
14. It updates the sales and use tax exemption for snowmobiles and ATVs owned by nonresidents for consistency with other existing statutes and establishes a provision to cover registration of property in the State when the owner made actual use of the property outside the State but was not required under the laws of that state to register it for that use.
15. It clarifies a statute requiring payment of use tax at the time of registration on property required to be registered for use in this State with the Secretary of State or the Commissioner of Inland Fisheries and Wildlife.
16. It deletes unnecessary and ineffective provisions relating to bankruptcy.
17. It repeals a provision relating to priority of taxes that is being relocated to the uniform administrative provisions of Title 36. This provision is inappropriately located in the sales and use tax law since it applies to any tax.
18. It amends the sales tax refund statute to provide for a refund in situations where a retailer has erroneously computed and paid the tax but did not collect the tax from the customer. The change establishes a specific statutory basis for current agency practice. The section also eliminates gender-specific language and makes other grammatical changes.
19. It amends a cross-reference to federal regulations in the definition of "mobile telecommunications services" to make it consistent with federal law.
20. It defines "nonprofit" for purposes of the service provider tax law.
21. It describes more precisely certain acts designated as crimes under the service provider tax law.
22. It clarifies that certain sales of fabrication services for incorporation into real property of an exempt entity are not subject to the service provider tax.
23. It repeals a redundant criminal statute in the motor fuel tax laws.
24. It adds special fuel tax, interest and penalties owed by retailers of low-energy fuels to the list of tax debts designated as personal and recoverable by civil action.

## *Joint Standing Committee on Taxation*

25. It repeals a provision relating to priority of taxes that is being relocated to the uniform administrative provisions of Title 36. This provision is inappropriately located in the motor fuel tax laws since it applies to any tax.
26. It repeals a redundant definition of "person" from the estate tax law. A similar definition exists in the uniform administrative provisions that apply to all taxes.
27. It combines the cigarette tax imposed by Title 36, section 4365 and the additional cigarette tax imposed by Title 36, section 4366-D into a single tax that is equal to the sum of the 2 existing taxes.
28. It simplifies the tobacco products tax law by deleting references to tax rates that are no longer in effect.
29. It repeals a redundant statute related to giving notice under the real estate transfer tax law. The uniform administrative provisions include a similar provision that is applicable to all taxes.
30. It clarifies that individual and corporate income tax modifications related to increased federal expense limitations are based on the expense actually used in the year the asset is placed in service.
31. It clarifies that individual and corporate income tax modifications related to the federal work opportunity credit and the empowerment zone employment credit cannot be claimed more than once.
32. It clarifies the amount of corporate income tax adjustments relating to federal net operating loss carry-backs.
33. It clarifies the statute of limitations regarding income tax claims for credit or refund to explicitly state that a claim attributable to a net operating loss carry-back must relate to a period for which net operating loss carry-backs are allowed.
34. It replaces a requirement that the Bureau of Revenue Services provide a telefile application under the Maine Residents Property Tax Program with a more general requirement for an electronic filing option. The section also makes various grammatical changes.
35. It consolidates 2 overlapping but inconsistent provisions enacted in 2004 that exclude gambling equipment from reimbursement under the BETR program.
36. It eliminates a requirement that the cost of outreach activities intended to encourage participation in the Maine Residents Property Tax Program must be paid from the amounts appropriated for the program.
37. It clarifies calculation of the estate tax on nonresident estates.
38. It clarifies that a Maine estate tax return is required to be filed whenever the federal gross estate, increased by the amount of adjusted taxable gifts, exceeds the exclusion amount in effect prior to enactment of that federal law.
39. It clarifies the pension exclusion in the State's individual income tax law.
40. It amends the definition for "year for which relief is requested" and calculation of the extension period under the Maine Residents Property Tax Law to reflect changes in the application period enacted in 2004.



## *Joint Standing Committee on Taxation*

**LD 1552**                      **An Act To Make Owners of Cooperative Housing Eligible for the Homestead Exemption**                      **CARRIED OVER**

<u>Sponsor(s)</u> CROSBY MAYO	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-584
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LD 1552 proposed to allow residents of a residential cooperative who are shareholders in that cooperative to participate in the Maine resident homestead property tax exemption program by permitting the cooperative housing corporation to apply for an exemption equal to the number of units in the cooperative occupied by persons who would otherwise qualify for the homestead property tax exemption if they owned property currently qualifying as a homestead and requiring the value of the exemption to be apportioned among the eligible shareholders.

**Committee Amendment "A" (H-584)** proposed to clarify the method of applying the exemption for cooperative housing and changes the application date from 2005 to 2006.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 1553**                      **An Act To Impose a Gross Receipts Tax on "Big Box" Stores**                      **ONTP**

<u>Sponsor(s)</u> LERMAN STRIMLING	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1553 proposed a gross receipts tax of 3% on certain retail stores that are located outside of a downtown, as defined in the Maine Revised Statutes, Title 30-A, section 4301, subsection 5-A. The tax would be imposed on retail stores that have retail floor space greater than 60,000 square feet. Of the amount of revenue collected pursuant to the gross receipts tax, 2/3 would be transferred to the Dirigo Health Fund established under Title 24-A, section 6915, and 1/3 would be transferred to the Small Enterprise Growth Fund established under Title 10, section 383.

**LD 1556**                      **An Act To Promote and Facilitate Programs That Teach Thinking Skills and Problem Solving**                      **ONTP**

<u>Sponsor(s)</u> CUMMINGS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1556 proposed a sales tax exemption for sales to and by certain nonprofit organizations that administer creative problem-solving competitions.

***Joint Standing Committee on Taxation***

**LD 1557                    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 HUTTON		

LD 1557 proposed to prohibit reimbursement of property taxes under the Business Equipment Tax Reimbursement (BETR) program if the taxes also are reimbursed under a tax increment financing district agreement for property first placed into service on or after April 1, 2007. This bill also proposed to limit BETR reimbursement to 90% of the assessed taxes and reduce the number of years property is eligible for reimbursement from 12 years to 10 years. The savings generated would be used to fund a new program created jointly by the Department of Economic and Community Development and the Department of Administrative and Financial Services, Maine Revenue Services to provide tax assistance to small businesses based on need.

**Committee Amendment "A" (S-369)** proposed to replace the bill with a resolve establishing a study commission to study L.D. 1660, "An Act To Reduce Income Taxes and Encourage Economic Growth in Maine," personal property tax on business equipment and the Business Equipment Tax Reimbursement program and report to the Legislature by December 15, 2005.

This bill was recommitted to the Joint Standing Committee on Taxation and carried over.  
LD 1691, Public Law 2005, chapter 457, Part BBB reduced BETR reimbursement by 10% for the 2006 application year only.

See also LD 1068 and LD 1400.

**LD 1563                    An Act To Amend the Revaluation Process by Municipalities                    DIED BETWEEN HOUSES**

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

LD 1563 proposed to require that if the municipal assessors or the chief assessor of a primary assessing area revalue a portion of the municipality or primary assessing area, they could not revalue that portion again until the other portions of the municipality or primary assessing area have been revalued.

**LD 1564                    An Act To Include Intangible Assets when Determining the Value of Property                    ONTP**

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

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LD 1564 proposed to require that intangible assets or rights, such as contracts, subsidies, tax credits and licenses, be included in the value of real property for purposes of determining just value.

**LD 1584**                      **Resolve, Directing the State Tax Assessor To Adjust the State Valuation for the Town of Wiscasset**                      **RESOLVE 67  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RINES DOW	OTP-AM	H-441

LD 1584 proposed to direct the State Tax Assessor to reduce the 2005 state valuation for the Town of Wiscasset by approximately 31% to \$338,600,000.

**Committee Amendment "A" (H-441)** proposed to substitute the sum of \$488,450,000 for the 2005 state valuation for the Town of Wiscasset for the purpose of calculating the county tax assessed in 2005 to prevent the municipality's county tax liability from changing as a result of the resolve.

### *Enacted law summary*

Resolve 2005, chapter 67 requires the State Tax Assessor to reduce the 2005 state valuation for the Town of Wiscasset to \$338,600,000 for purposes other than apportionment of county taxes. The reduction is the result of the loss of property tax valuation under a settlement with regard the property of the Maine Yankee Atomic Power Company.

Resolve 2005, chapter 67 was finally passed as an emergency measure effective May 31, 2005.

**LD 1585**                      **An Act To Provide a Temporary Sales Tax Exemption for Prescription Drugs for Animals**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCKENNEY PERRY J	OTP-AM	H-440

LD 1585 proposed to provide a sales tax exemption for sales of medicines for animals sold on a doctor's prescription before July 1, 2005, if sales tax had not been collected. If a person collected sales tax on the sale of medicines for animals prior to July 1, 2005, that person would be required to remit those taxes to the State Tax Assessor.

**Committee Amendment "A" (H-440)** proposed to incorporate a fiscal note.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

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**LD 1587**

**An Act To Modernize Maine's Tax Code**

**CARRIED OVER**

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

LD 1587 proposed the following components to reform Maine's tax structure.

Part A proposed to increase benefits under the Maine Residents Property Tax Program, the so-called "circuit breaker program," by changing the tax-to-income threshold to 100% of the benefit base that exceeds 5% of income; increasing the maximum rebate to \$5,000; increasing the renter rebate to 25%; and allowing persons to use the income tax form to file for a refundable credit.

Part B proposed 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 proposed to reform the income tax by increasing the personal exemption amount to equal the federal amount, increase the earned income credit and make it refundable and create 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 proposed to include, in the services subject to the service provider tax, amusement and recreational, business, personal and professional services. The provision of those services would be subject to the 5% tax. Part D also proposed to eliminate the sales tax exemption for sales of short-term publications, limit the exemption on funeral services and repeal the exemption on coin-operated vending machine sales.

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

Part F proposed to reform the business equipment tax reimbursement (BETR) program 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 proposed to provide that, for property first placed in service in property tax years beginning after April 1, 2005, 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.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

See also LD 484, 705, 1437, 1595 and 1605.

**LD 1594**

**An Act To Provide an Income Tax Exemption to Recent College Graduates Who Work in Maine To Help Them Pay College Loans**

**CARRIED OVER**

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

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LD 1594 proposed to establish the Graduate Retention Program, the purpose of which would be to encourage recent college or advanced degree program graduates to work in Maine. The program would be available to persons who are recent graduates of a postsecondary school, have outstanding education loans and promise to work for a Maine employer for at least 4 years. The program would allow eligible participants to have an amount withheld from their pay equal to or more than the standard withholding for Maine income taxes for a single individual. The amount withheld would be paid by the employer directly to the holder of the education loan and would be considered payment of Maine income taxes by the participant. Eligibility would be limited to 4 years.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

**LD 1595**                      **An Act To Rebalance Maine's Tax Code**                      **CARRIED OVER**

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

LD 1595 proposed to make the following major changes to Maine's tax structure beginning January 1, 2006.

Part A proposed to change the existing graduated income tax program into a flat tax rate of 6% and repeal the alternative minimum tax.

Part B proposed to tie the standard deduction and personal exemption under the income tax to the same amount as the federal standard deduction and personal exemption and eliminate the so-called "marriage penalty."

Part C proposed to restore the income tax credit for child care expenses to 25% of the federal tax credit.

Part D proposed to increase the earned income tax credit to 25% of the federal earned income credit and make it refundable.

Part E proposed to conform the deductibility of health savings accounts and business expensing with federal law.

Part F proposed to increase the exemption for estates under the estate tax to the same amount as under federal law.

Part G proposed to amend the Maine Residents Property Tax Program, also known as the circuit breaker program, by raising the maximum benefit from \$2,000 to \$3,000 and increasing to \$5,000 the maximum property taxes and rent constituting property taxes that may be considered in calculating the benefit.

Part H proposed to repeal certain sales tax exemptions and expand the application of the sales and use tax.

Part I proposed to decrease the general sales tax rate and the service provider tax rate from 5% to 4%. Part I also proposed to increase the rate of sales tax imposed on liquor sold in licensed establishments from 7% to 10%; lodging in a hotel, rooming house or tourist or trailer camp from 7% to 10%; the rental of a motor vehicle for less than one year from 10% to 20%; and prepared food from 7% to 8%.

Part J proposed to increase the real estate transfer tax from \$2.20 per \$500 to \$5.00 per \$500.

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Part K proposed to provide an income tax credit of 50% of the real estate transfer tax paid on a permanent residence.

Part L proposed to increase the tax on cigarettes by 50¢ to \$1.50 per pack, the tax on smokeless tobacco products from 62% to 100% of the wholesale price, the tax on cigars from 16% to 25% of the wholesale price and the tax on other tobacco products from 16% to 100% of the wholesale sales price.

Part M proposed to increase the excise tax on malt liquor from 25¢ per gallon to 50¢ per gallon, on wine from 30¢ per gallon to \$1 per gallon and on hard cider from 25¢ per gallon to \$1 per gallon.

**Committee Amendment "A" (H-698)** proposed to replace the original bill and make the following changes to Maine tax law.

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

Part B proposed to conform the standard deduction under the income tax to the federal standard deduction beginning with the 2006 tax year, thereby eliminating the marriage penalty.

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

Part D proposed to lower the top income tax rate from 8.5% to 8.25% for the 2006 tax year.

Part E proposed to conform the income tax treatment of health savings accounts with the federal income tax exclusion and deduction.

Part F proposed to increase state reimbursement for the homestead exemption to 100% of municipal property taxes lost as a result of the exemption beginning in 2006.

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

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

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

Part J proposed to increase the excise tax on malt liquor from 25¢ per gallon to 60¢ per gallon, on wine from 30¢ per gallon to \$1 per gallon and on hard cider from 25¢ per gallon to \$1 per gallon.

Part K proposed to establish a tax on the distribution, manufacture and wholesale of soft drinks and soft drink products.



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**LD 1607                      An Act To Provide Incentives for Maine Film Production                      CARRIED OVER**

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

LD 1607 proposed to establish a tax benefit for media production companies making productions in whole or in part in Maine. Under the bill, a media production company that meets certain criteria would be allowed a reimbursement of taxes withheld from wages related to the Maine production.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

**LD 1616                      An Act To Delay the Implementation of the Increase in the                      ONTP  
Homestead Exemption**

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

LD 1616 proposed to delay for one year the increase in the homestead property tax exemption amount to \$13,000 per permanent homestead, scheduled to begin with property tax years beginning on or after April 1, 2005.

**LD 1617                      An Act To Reduce Tobacco Use and Improve Health                      INDEF PP**

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

LD 1617 proposed to increase the cigarette excise tax from \$1 to \$2.50 per pack and allocate the new revenue to a variety of health-related purposes. It also proposed to reduce the percentage discount paid to distributors for tax stamps that the distributors purchase and affix.

This bill was referred jointly to the Joint Standing Committee on Taxation and the Joint Standing Committee on Health and Human Services. The committees did not vote on this bill.

See also LD 1314 and LD 1448. A \$1.00 cigarette tax increase was enacted in Part AA of Public Law 2005, chapter 457.



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**LD 1625                      An Act To Fully Fund the Homestead Exemption                      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COWGER BOWLES	OTP-AM    MAJ ONTP        MIN	S-306

LD 1625 proposed to increase state reimbursement to municipalities for property taxes foregone due to the homestead property tax exemption to 100%.

**Committee Amendment "A" (S-306)** proposed to fund the increase in state reimbursement for the homestead exemption by a transfer of funds that are projected to be available in the Maine Budget Stabilization Fund and statewide deappropriations. The Commissioner of Administrative and Financial Services would be directed to present legislation to implement the deappropriations. If none were presented, the Governor would be directed to make curtailments consistent with the deappropriations.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

**LD 1634                      An Act To Impose a Real Estate Transfer Tax Based on the Value of the Property                      ONTP**

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

LD 1634 proposed to change the rate of the real estate transfer tax imposed on the buyer and seller of real property and the manner of imposition. The buyer of property would be charged a flat tax of \$2 per \$1,000 of value of the property being purchased. The seller of the property would be charged a tax rate dependent on the value of the property being sold, starting at \$2 per \$1,000 of value of the property for property valued at less than \$300,000, increased for every \$100,000 in property value by \$1 per \$1,000 of the value of the property being sold. A maximum tax rate of 1% of the value of the property being sold would be reached for property valued at \$1,000,000 or more. The revenue from the tax would be credited to the so-called circuit breaker reserve to fund the Maine Residents Property Tax Program except for 10%, which is retained by the county collecting the tax.

**LD 1636                      Resolve, To Study the Cost of the Provision of Certain Governmental Services in the Unorganized Territories                      RESOLVE 125 EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUPLESSIE MARTIN	OTP-AM	H-587

LD 1636 proposed to establish the Commission To Study the Cost of Providing Certain Services in the Unorganized Territories to study and report to the Legislature on the cost and funding for providing fire

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protection and preparedness services, land use planning services, education services and other services in the unorganized territories. The report would be due December 7, 2005.

**Committee Amendment "A" (H-587)** proposed to increase the membership of the Commission to Study the Cost of Providing Certain Services in the Unorganized Territories by adding 2 members of the House of Representatives, a county representative and 2 landowners and add additional qualifications for certain members. The amendment also proposed to specify August 1, 2005 as the deadline for the first meeting of the commission.

### *Enacted law summary*

Resolve 2005, chapter 125 establishes the Commission To Study the Cost of Providing Certain Services in the Unorganized Territories to study and report to the Legislature on the cost and reimbursement for providing fire protection and preparedness services, land use planning services and education services in the unorganized territories. The report is due December 7, 2005.

Resolve 2005, chapter 125 was finally passed as an emergency measure effective June 23, 2005.

**LD 1647**                      **An Act To Award Income Tax Credits for Boiler or Furnace Systems That Reduce or Eliminate Certain Pollutants**                      **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY PERRY J	OTP-AM	H-628

LD 1647 proposed to provide a credit against corporate income taxes to businesses that put into operation on or after June 1, 2005 a furnace or boiler system that burns organic material and eliminates nitrogen oxides without increasing other pollutants or reduces particulate emissions to a level that is 20% below standards established by the Department of Environmental Protection, Board of Environmental Protection. The credit would be equal to 1.5¢ per kilowatt-hour or its equivalent in heat energy produced by the furnace or boiler system. A business with an existing boiler or furnace system placed into operation prior to June 1, 2005 could qualify for the tax credit if it modified its boiler or furnace system to burn more cleanly, but only to the extent of the kilowatt-hours or equivalent heat energy attributable to the modification.

**Committee Amendment "A" (H-628)** proposed to extend the income tax credit to businesses that are not corporations, eliminate the transferability of credits, require certifications of eligible systems by the Department of Environmental Protection, clarify the application of the credit and repeal the credit after 5 years. The amendment also proposed to require the Department of Administrative and Financial Services, Bureau of Revenue Services to report annually on the use of the credit as part of its economic development incentive report.

This bill, and its adopted amendment, were carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122<sup>nd</sup> Legislature.

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**LD 1660**

**An Act To Reduce Income Taxes and Encourage Economic  
Growth in Maine**

**CARRIED OVER**

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

LD 1660, a Governor's Bill, proposed the following changes to Maine income tax and the taxation of business personal property.

Part A proposed to increase the existing low-income tax credit threshold from \$2,000 to \$4,750. The increase in the threshold would apply to tax years beginning after 2004 and be funded through tax year 2009 by suspending the annual inflation adjustment to the dollar bracket amounts of the individual income tax schedules.

Part A also proposed to reduce individual income tax rates in 3 ways. First, it proposed to reduce the top marginal tax rate from 8.5% to 8.45% for tax years beginning with 2005. Second, for tax years 2006 to 2009, it proposed to use a portion of the revenue savings from the suspension of the annual inflation adjustment to permanently reduce the tax rates over the same period. The annual inflation adjustment would be reinstated for tax years beginning after 2009. Third, starting with tax years beginning in 2008, the rates would be further reduced 1% each year until the 2005 rates have been reduced by a total of 10% by virtue of this adjustment. This rate reduction would be applied prior to, and in addition to, the rate reduction funded from suspending the inflation adjustment. The rate reductions effected by Part A would be permanent. The individual alternative minimum tax rates would also be reduced to ensure that taxpayers do not become subject to the Maine alternative minimum tax solely as a result of the regular income tax rate reductions.

Part B proposed to establish a property tax exemption for property of qualified businesses that would be first subject to property tax assessment on or after April 1, 2007 in the absence of the exemption. Property first subject to property tax assessment prior to April 1, 2007 would remain eligible for the Business Equipment Tax Reimbursement, "BETR," program for the duration of the 12-year window for BETR program entitlement. Property that is no longer eligible for the BETR program because it has been subject to BETR reimbursement for the full 12-year period for BETR program entitlement would then be eligible for the business equipment property tax exemption.

Part B further proposed to establish the rate of reimbursement the State must pay to municipalities for property tax revenue lost as a result of the exemption. For the 2007 and 2008 property tax years, the rate of reimbursement would be 75% and for 2009 and subsequent property tax years, the rate of reimbursement would be 50%. Municipalities would be reimbursed 100% with respect to property that is no longer eligible for the BETR program because it has been subject to BETR reimbursement for the full 12-year period for BETR program entitlement.

This bill was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.

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S.P. 316

**JOINT ORDER Establishing the Task Force to Study the Feasibility of Retiring the Income Tax**

**ONTP**

Sponsor(s)  
PERRY, J.

Committee Report  
ONTP

Amendments Adopted

S. P. 316 was a Joint Order that proposed to establish the Task Force to Study the Feasibility of Retiring the Income Tax comprised of 15 legislators to study the feasibility of retiring the income tax by putting a percentage of state revenue each year into an endowment fund to be used to phase out the income tax.