

## *Taxation*

**PUBLIC 13**                      **An Act to Clarify That the Application Process for the Homestead Property Tax Exemption Is a One-time Process**                      **LD 521**

<u>Sponsor(s)</u> JODREY		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-20
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Public Law 2003, chapter 13 clarifies that the application for the Maine resident homestead property tax exemption is a one-time process; the exemption continues for that owner until the assessor determines that the property is no longer eligible for the exemption.

**PUBLIC 30**                      **An Act to Clarify the Ability of the Maine Forest Service and Tax Assessors to View Private Landowners' Forest Management Plans**                      **LD 184**

<u>Sponsor(s)</u> JODREY		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-20
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Public Law 2003, chapter 30 permits a tax assessor or the Director of the Bureau of Forestry to see or possess a forest management plan for a reasonable period of time to verify compliance with a forest management plan under the Maine Tree Growth Tax Law. Upon completion of the review, the plan would be returned to the owner or the owner's agent.

**PUBLIC 72**                      **An Act To Suspend Property Tax Abatement Appeals When the Taxpayer Fails To Pay Taxes**                      **LD 551**  
**EMERGENCY**

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

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

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

<u>Sponsor(s)</u> BUNKER GAGNON		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-251
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Public Law 2003, chapter 212 updates the procedures for enforcement by the treasurer of a school administrative district or a community school district when a municipal treasurer fails to pay monthly installments due to the district. The new procedure authorizes the district treasurer to file an action in Superior Court to recover amounts due, interest, court costs and attorney's fees. The court may order the diversion of state-municipal revenue sharing and tax reimbursements due to the municipality and attach municipal property and other assets to satisfy the payment due the district.

**PUBLIC 229**                      **An Act To Amend the Lien Procedures for Time-share Estates**                      **LD 305**

<u>Sponsor(s)</u> COLLINS STANLEY		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-233
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Public Law 2003, chapter 229 permits a municipality with a time-share tax ordinance to require the managing entity of a time-share project to pay the property taxes due with respect to the time-share estates that are a part of the project regardless of whether sufficient amounts were collected by the managing entity from time-share unit owners. The municipality could also opt to enforce the collection of taxes through the standard property tax lien procedure.

**PUBLIC 242**                      **An Act To Clarify Tax Appeal Procedures**                      **LD 451**

<u>Sponsor(s)</u> LEMOINE		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-310
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Public Law 2003, chapter 242 provides that, on appeal to Superior Court of a reconsideration decision of the State Tax Assessor, either the taxpayer or the assessor may raise facts, arguments or issues that relate to the assessor's decision on reconsideration provided that the facts, arguments or issues were not barred by any other provision of law.

**PUBLIC 255**                      **An Act To Conform the Maine Tax Laws for 2002 with the United States Internal Revenue Code**                      **LD 1462**  
**EMERGENCY**

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

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

**PUBLIC 287**                      **An Act To Change the Tax Laws as They Apply to Combat Troops**                      **LD 1523**

<u>Sponsor(s)</u> DAGGETT COLWELL		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-127
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Public Law 2003, chapter 287 provides a waiver of income taxes owed by a military person who died in a combat zone or from wounds, disease or other injury received in a combat zone or similar casualty in the same manner as provided pursuant to Section 692 of the Internal Revenue Code.

**PUBLIC 390**                      **An Act Concerning Technical Changes to the Tax Laws**                      **LD 1571**

<u>Sponsor(s)</u> STANLEY LEMOINE		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-175
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Public Law 2003, chapter 390 makes technical changes to the tax laws. Some provisions of the original bill were moved to LD 1470, the "minor substantive changes bill."

1. It permits the disclosure of certain tax-related information to the Finance Authority of Maine, in the administration of the Maine College Savings Program, and to the Office of Head Start and Child Care, in the administration of the tax credits for investments in quality child care.
2. It provides confidentiality protection to information provided to the State Tax Assessor and used for preparing legislation or legislative analysis.
3. It deletes a redundant definition of the term "person" from the Sales and Use Tax Law. The same term is defined for all taxes in the general provisions of the tax laws.
4. It clarifies the definition of "retail sale" to clarify that sales of all kinds of video media for rental were not taxable, consistent with other statutory changes enacted in 2002.
5. It clarifies that the sales tax exemption for motor vehicles leased to nonresidents does not apply to short-term rentals of automobiles to nonresidents. This change corrects an apparent oversight in the drafting of statutory changes enacted in 2002.
6. It deletes a redundant definition of the term "person" from the Gasoline Tax Act. The same term is defined for all taxes in the general provisions of the tax laws.
7. It replaces outdated references to state and federal statutes governing highway common carriers. The Public Utilities Commission no longer regulates highway common carriers and the federal excise tax no longer applies to highway transportation. This chapter substitutes a cross-reference to the statute that imposes the current operating authority license requirement and incorporates the relevant language of the repealed

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federal law into Maine law. This chapter also clarifies the formula for computing the amount of the refunds authorized by the statute and eliminates redundant verbiage and gender-specific language.

8. It corrects inappropriate references to "distributor" in the motor fuel tax laws. "Distributor" is not defined in the Maine Revised Statutes, Title 36, chapter 459 and is defined elsewhere in Title 36 to mean a different category of persons from what is intended here.
9. It corrects inappropriate references to "internal combustion engine fuel" in the motor fuel tax laws. "Internal combustion engine fuel" is not defined in Title 36, chapter 459 and is defined elsewhere in Title 36 to mean a different type of fuel from what is intended here. This chapter also removes superfluous verbiage and correct grammatical errors.
10. It standardizes a reference to the federal credit for state death taxes in the estate tax law for consistency with other statutory revisions made in 2002.
11. It updates the recycling assistance fee law by deleting references to categories of property that are no longer subject to the fee.
12. It clarifies that the taxable income described in Title 36, section 5121 is the "Maine taxable income" referred to in section 5111.
13. It clarifies that only interest from bonds of another state's government excluded from federal adjusted gross income must be added back in computing Maine adjusted gross income for a resident individual.
14. It clarifies that all deductions claimed for federal income tax purposes must be added back to Maine adjusted gross income if they were included in the taxpayer's investment credit base for the high-technology investment tax credit.
15. It clarifies that only exempt government bond interest included in federal adjusted gross income could be subtracted in computing Maine adjusted gross income.
16. It deletes an obsolete reference to the federal new jobs credit, which has been repealed.
17. It limits the requirement to add back net operating losses that have been carried back to previous years for federal income tax purposes to tax years beginning before January 1, 2002, consistent with other recent changes in Maine's treatment of federal net operating loss deductions.
18. It conforms the language that permits subtraction from income of Maine College Savings Program distributions to that of Title 20-A, section 11479.
19. It clarifies references to federal adjusted gross income and federal taxable income for purposes of computing itemized deductions and to add a provision specifically requiring add-back of the deduction for contributions to family development account reserve funds that is disallowed by the last sentence of Title 36, section 5216-C, subsection 1.
20. It clarifies that the taxable income of estates and trusts on which the tax is imposed is the Maine taxable income described in Title 36, sections 5163 and 5175 and that the applicable tax rates are those provided for single individuals.
21. It clarifies that the taxable income of resident estates and trusts described in Title 36, section 5163 is the Maine taxable income taxed by section 5160 and delete superfluous verbiage.

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22. It clarifies that the taxable income of nonresident estates and trusts described in Title 36, section 5175 is the Maine taxable income taxed by section 5160 and to correct grammatical errors.
23. It clarifies that bond interest from another state's government bonds excluded from federal taxable income must be added back in computing Maine taxable income of a corporation.
24. It clarifies that all deductions claimed for federal income tax purposes must be added back to the extent they are included in the taxpayer's investment credit base for the high-technology investment tax credit.
25. It clarifies the calculation of the retirement and disability credit by part-year residents. The changes conform to current agency practice.
26. It clarifies that the \$2,000 income limit for the low-income credit applies to an individual's entire taxable income as determined for resident individuals regardless of whether the taxpayer was a Maine resident for the entire year.
27. It clarifies the circumstances under which a taxpayer may be granted an extension of time to file an individual or fiduciary income tax return.
28. It establishes an automatic extension of time to file an individual or fiduciary income tax return equivalent to the federal extension. These changes provide a statutory basis for policies that have been implemented administratively.
29. It repeals a redundant provision relating to the collection of income tax debts owed by nonresidents. The powers granted to the State Tax Assessor by this provision are included in the general provisions of the tax laws.
30. It repeals a law that requires adoption of a rule for the elderly low-cost drug program to allow consideration of an applicant's change in income from the prior year. As of January 1, 2003, the elderly low-cost drug program is being administered by the Department of Human Services under the laws that govern the Healthy Maine Prescription Program, which determines eligibility based on the current income of the applicant. Repealing this law allows the Bureau of Revenue Services to repeal the rule that is no longer applicable.

**PUBLIC 391**

**An Act To Make Minor Substantive Changes to the Tax Laws**

**LD 1470**

<u>Sponsor(s)</u> LEMOINE STANLEY	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-421
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Public Law 2003, chapter 391 makes the following minor substantive changes to the tax laws. Some provisions in the original bill were moved to LD 1571, the “technical changes bill.”

1. It corrects a conflict between the Maine Revised Statutes, Title 36, section 1861-A and section 1951-A regarding an individual's use tax responsibility to the State by clarifying that items with a purchase price of more than \$5,000 must be reported separately in the same manner as sales made by retailers as required by Title 36, section 1951-A.

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2. It clarifies the administrative requirements pertaining to the sale of a controlling interest in real property in the real estate transfer tax law, consistent with statutory changes enacted in 2002.
3. It defines "primary recipient" for purposes of the pension income deduction and clarifies the treatment of early withdrawals and lump sum distributions.
4. It clarifies that the adjusted gross income described in Title 36, section 5142 is the Maine adjusted gross income defined in section 5102, subsection 1-C, paragraph B and taxed by section 5111, subsection 4 and that the Maine adjusted gross income of a nonresident individual includes the individual's share of income, deductions and modifications attributable to Maine-source income of a partnership or limited liability company, estate, trust or S corporation. These changes conform to current agency practice.
5. It provides that the proceeds from the sale of the future income stream derived from a lottery ticket purchased in Maine are Maine-source income subject to Maine income tax.
6. It clarifies that the credit for income tax paid to another taxing jurisdiction is limited to tax paid with respect to income that Maine recognizes as being derived from sources in the other taxing jurisdiction. The changes conform to current agency practice.
7. It clarifies the calculation of the credit for child care expenses by part-year residents and eliminates superfluous verbiage. The changes conform to current agency practice.
8. It clarifies that the refundable portion of the credit for child care expenses must be prorated for persons who were not Maine residents for any part of the year. The changes conform to current agency practice.
9. It eliminates the requirement to file a Maine income tax return for estates and trusts that had gross income less than \$10,000 and no Maine taxable income.
10. It amends the business equipment tax reimbursement statutes to provide that business equipment tax reimbursement is available, and limited to, a successor in interest that owns eligible business property on August 1st of the year in which a claim may be made.
11. It modifies the standards for a qualified employee for purposes of the jobs and investment tax credit and the Maine Employment Tax Increment Financing Act to reflect average annual wages rather than per capita income. Per capita income data by county are not available.

**PUBLIC 426**

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

**LD 858**

Sponsor(s)  
MILLS, P

Committee Report  
OTP-AM  
ONTP

Amendments Adopted  
H-412

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

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**PUBLIC 439**

**An Act Regarding Distribution of Tobacco Products**

**LD 1587**

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

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

**PUBLIC 473**

**An Act To Expand the Education Tax Credit**

**LD 502**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COLWELL BRENNAN	OTP-AM	H-286

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

**PUBLIC 479**

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

**LD 1633**

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

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

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**P&S 8**                      **An Act To Assist Brascan, the Successor to Great Northern Paper, in**                      **LD 1575**  
**EMERGENCY**                      **Paying the Property Taxes Due to the Towns of Millinocket and East**  
**Millinocket**

<u>Sponsor(s)</u> STANLEY LEMOINE	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-44
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Private and Special Law 2003, chapter 8 provides for a loan from the Finance Authority of Maine to Brascan Corporation to enable the corporation to pay Millinocket and East Millinocket property taxes incurred when the property was owned by Great Northern Paper, Inc., with repayment of the loan from future BETR payments, and ensures that Brascan receives the BETR payments in fiscal year 2003-04 with respect to property taxes it will pay.

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

**P&S 22**                      **An Act To Establish Municipal Cost Components for Unorganized**                      **LD 1433**  
**EMERGENCY**                      **Territory Services To Be Rendered in Fiscal Year 2003-04**

<u>Sponsor(s)</u> STANLEY	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-427
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Private and Special Law 2003, chapter 22 establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components form the basis for the property tax for the unorganized territory.

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

**RESOLVE 30**                      **Resolve, Authorizing the State Tax Assessor To Convey the Interest**                      **LD 1460**  
**of the State in Certain Real Estate in the Unorganized Territory**

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

**RESOLVE 81**                      **Resolve, To Reduce the State Valuation for the Town of Hermon**                      **LD 542**

<u>Sponsor(s)</u> MITCHELL TREADWELL	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-101
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Resolve 2003, chapter 81 authorizes the Town of Hermon to seek an adjustment of its state valuation for the year 2003 without meeting the August 1st filing deadline set forth in current law and provides a mechanism for adjustment of general purpose aid to local schools for the Town of Hermon if an adjustment is made.

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**RESOLVE 88  
EMERGENCY**

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

**LD 138**

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

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

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