

# Legislative BULLETIN

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## Legislature Adjourns

Maine's lawmakers closed out the 2007 legislative session last night.

The comprehensive tax reform package was the last legislative initiative MMA was following. The package had two parts: LD 1925 as the statutory changes to the tax code and LD 1819 as the companion constitutional amendment.

After coming out of the Tax Committee on June 6 with solid bipartisan support, and receiving a strong first vote in the House on June 13, the tax plan was stalled in the Senate for a week and heavily lobbied against by the business community and realtors.

In addition, the House rejected the proposed constitutional amendment that would have required a two-thirds "supermajority" vote of both the House and Senate to increase state sales or income tax rates. Some legislators considered the approval of the constitutional amendment to be a prerequisite in order for them to support the statutory tax reform package.

In the final days of the legislative session, a scaled-back version of the original tax reform package was floated around the State House. The scaled-back version would have narrowed the proposed expansion of the sale tax base. Unlike the original reform plan, the scaled-back version would not have expanded the sales tax to cover personal care services (haircuts, mas-

sage, etc.), real property services (home repair and maintenance, snowplowing, etc.), newspapers, fitness centers, ski lift tickets and other types of retail activity that were receiving the brunt of the Third Floor lobbying. In addition, a home-buyer credit would have been provided in the context of increased Real Estate Transfer Tax rates in an effort to address objections from the real estate lobby. After scaling back the changes to the sales tax base and real estate transfer tax, the other side of the equation had to be adjusted as well, and the income tax rate could not be reduced as aggressively as originally proposed (from 8.5% to 6.5% rather than to 6%), and the proposed increase to the Homestead property tax exemption was scuttled.

As might be expected, the effort to appease the opponents with the scaled-back version was unsuccessful, and by a 26-9 vote yesterday afternoon, the Senate "indefinitely postponed" tax reform.

The July issue of MMA's Maine Townsman will contain a complete wrap-up of this legislative session, an analysis of both the school reform legislation and tax reform effort, and detailed descriptions of all the laws affecting municipal government that were enacted and the study commissions that were initiated. Until then, please refer to our "LD List 2007" at MMA's

website to get updated on the status of any municipally-related legislation you may have been following. The LD List 2007 will be updated on a regular basis, so check back for final dispositions. Today's updates of the LD List 2007 will be posted to the web site at 10:00 a.m. Here is the web address: [http://www.memun.org/public/MMA/svc/SFR/LD/LD\\_fr.htm](http://www.memun.org/public/MMA/svc/SFR/LD/LD_fr.htm)

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