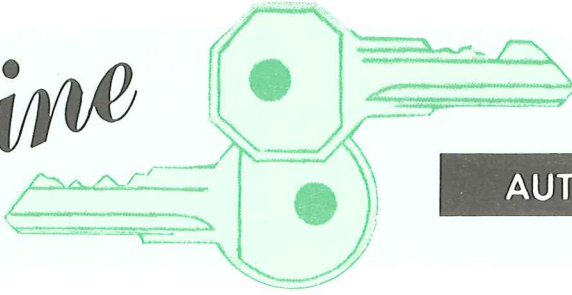


Maine



P. O. Box 2667
180 Civic Center Drive
Augusta, Maine 04338-2667

AUTOMOBILE DEALERS ASSOCIATION, INC.

PHONE 623-3882 • FAX (207) 623-2318
E-MAIL info@maineautodealers.com

April 19, 2011

Dear MADA Member:

We write to update you on the 2011 session of the Maine Legislature with regard to those proposals which may have an impact on dealers and dealership operations. The Legislature will consider over 1600 Legislative Documents (LDs), 1491 of which have been printed and distributed. Accompanying this letter is a current listing of those bills which MADA has identified as having a potential impact on dealerships.

The attached list contains the LD number and a brief description of its purpose. Between the LD number and the description may be a letter which signifies either Committee or final action on that particular LD. Not all LDs have such a letter because most have not reached the decision point. A legend as to the meaning of the five letters which describe the fate of each LD is contained in the box at the bottom of each page.

The Legislature's Transportation Committee has nearly completed its work regarding the Motor Vehicle Safety Inspection Program. Among their decisions, Transportation decided to leave the inspection as an annual requirement, to retain the current fees, and to continue the option of placing the inspection sticker either in the lower left hand corner of the windshield or behind the rearview mirror. With respect to this latter issue, Transportation received information from MADA and others that the placement of the sticker should not block sensors for vehicle systems such as headlights, windshield wipers, speed controls, etc. In addition, Transportation decided to have a working group (including MADA) review the safety inspection manual, and required a report in early January 2012 as to potential changes in State Police rules.

The last item addressed in the Safety Inspection Program review was new vehicle inventory. Transportation agreed to allow new vehicle dealerships to delay the final safety inspection and sticker application on a new vehicle until the vehicle was sold. Dealerships could release customers for a test drive in new vehicles on a dealer plate only - no inspection sticker necessary. New vehicles being driven by dealership personnel as demonstrators would have to carry a safety inspection sticker, which would need to be updated if the vehicle was sold and that inspection sticker was issued greater than 60 days prior to the date of sale. This potential law change could allow dealerships to reduce the number of times they must re-sticker new vehicles, reducing time and expense associated with this activity. This LD 437, assuming that it is eventually enacted and signed into law, will not take effect until 90 days after the Legislature adjourns.

LD 1405 is a bill which could significantly impact a dealership's use of large, changeable signs. This LD affects businesses which utilize signs with changeable graphics and words. LD 1405 would expand the space available for advertising, lengthen the allowable distance between the sign and the primary building housing the business, allow signs closer to two lane roads, but limit changes on the sign to once every minute rather than once every 20 seconds. MADA would like to hear from any dealership which has one of these large, changeable signs to make sure we testify to any concerns dealerships might have with this LD.

The Taxation Committee has once again "killed" any potential change in the Motor Vehicle Excise Tax schedule. Taxation could not get majority interest in revising the schedule while at the same time limiting the negative impact on municipal income derived from this excise tax.

Taxation has, however, pushed through some language aiming to bring Maine closer to conformity with IRS provisions on Estate Taxation and Section 179 Depreciation. Bonus depreciation and 100% funding (rather than 80%) for BETR were rejected. In addition, Taxation has recommended that the next biennial budget incorporate a reduction in personal income tax rates. While Taxation has made its recommendation, the Legislature's Appropriations Committee must ultimately decide what will be incorporated into the budget to be debated and voted on by the full House and Senate.

Legislative review and discussion on significant changes to Personnel Law, Health Insurance and Workers Compensation are only just beginning. Some of these LDs will be decided this year, but much could be left to the 2012 session of the Legislature. There are some LDs that have been "killed" already, such as duplicate proposals and some mandates in Health Insurance, but much of the real work lies ahead.

The Legislature is out of session this week but will return on Monday, April 25, to an overloaded schedule of public hearings and work sessions as committees are under pressure to complete their review of the multitude of proposals currently before them.

As you review the lengthening list of LDs, please feel free to contact your MADA office with any questions or concerns on specific LDS. Thank you very much for your participation when we have called upon individual dealers for assistance with a variety of these LDs.

Sincerely,



Thomas T. Brown, Jr.
President

TTB/net

Enclosures

M. A. D. A.

LEGISLATIVE NEWS

180 Civic Center Drive
DIAL 207 623-3882

P. O. Box 2667
e-mail:tom@maineautodealers.com

Augusta, Maine 04338-2667
FAX 207 623-2318

2011-L-1

- LD 1 Regulatory Reform - Governor's bill with details coming.
- LD 7 K Exempts manufacturer rebates from Maine sales tax if assigned by purchaser to dealership.
- LD 9 Moves revenue growth into special fund to finance lowering income tax to 4.5%, and increases to \$30,000 the income threshold below which families do not pay income tax.
- LD 14 E Major substantive rule regarding volume fees for financial institutions.
- LD 52 C Dedicates approximately 4.5% of sales tax revenue to Highway Fund.
- LD 53 K Allows insured person to select rental vehicle company.
- LD 58 K Prohibits enforcement in Maine of new federal healthcare law.
- LD 60 D Expands Maine COBRA health insurance option for laid off employees up to 18 months longer.
- LD 62 Allows bids for State Purchases to be submitted in printed hard-copy format.
- LD 64 K Seat-belt violations become secondary offenses.
- LD 79 D Excise tax to be based on 90% (change from 100%) of MSRP.
- LD 88 K Requires that Maine Revenue Services make available a website containing the list of sales tax exemption certificate holders.
- LD 112 P Requires surrender of any license or registration issued to a person violating Litter Control Act.
- LD 117 D Excise tax on corporate vehicles (including utilities) paid to permanent location of vehicles, not main office.
- LD 125 K Raises (doubles) minimum auto insurance to 50K = Property; 100K = Death; 250K = Multiple; 20K = Medical.
- LD 136 K Changes (reduces) the eligibility exemption for unemployment benefits.

- LD 140** **D** Allows net operating loss carry-forward for 2009 and 2010 - federal tax law conformity.
- LD 144** **K** Concept draft re: effect on motor vehicles of magnesium chloride.
- LD 152** **K** Disallows employment discrimination for persons convicted of a crime unless conviction related to employment functions.
- LD 159** Requires DEP site location & storm water rules to be major substantive rules subject to Legislative review.
- LD 162** **K** Exempts antique autos from muffler requirements.
- LD 169** **K** Employers of 51 or more must allow a veteran to take November 11 (Veterans Day) off with pay.
- LD 176** **K** No retroactive assessment of sales or use tax unless certain notifications have been made.
- LD 186** **K** Repeals Sunday closing.
- LD 198** Concept draft re: safety inspection program.
- LD 221** **P** Revises the placement options for the motorcycle safety inspection sticker, terminates a valid motorcycle inspection sticker upon transfer of the plate to another motorcycle, and creates one registration sticker for motorcycles.
- LD 226** Allows New England-wide purchase of health insurance, IF all states requirements can be met.
- LD 235** **P** Exempts antique motorcycles from the safety inspection law.
- LD 239** Provides a sales tax exemption for coal, oil, wood or gas bought to heat a business.
- LD 246** **K** Requires all vehicles manufactured after 2010, except hybrids, to operate with headlights on, with violations treated as secondary offenses.
- LD 265** **E** Requires a complete review of motor vehicle dealer licensing requirements, both laws and rules.
- LD 269** **P** Allows employers to establish work-sharing programs while helping employees with partial unemployment benefits and reducing unemployment costs for employers.
- LD 281** **D** Requires enforcement actions for violations of environmental law to be brought within 5 years.
- LD 283** **K** Vehicles operating at 40 mph or more must be clear of snow, ice, hail and sleet.
- LD 288** **K** Allows municipalities to increase their fees for registering vehicles.
- LD 301** **E** Changes abandoned vehicle laws to 14 day thresholds, from 7 days, before the vehicle can be claimed by the repair facility.

- LD 357 K** Repeals the motor vehicle safety inspection program.
- LD 370 K** Increases motor vehicle safety inspection fees to \$16.50 for the standard inspection and \$21.50 for the emissions inspection.
- LD 383** Eliminates the annual indexing of the gas tax.
- LD 402 K** Prohibits users of a consumer credit score from assigning a low credit score, or reducing a credit score, if the consumer can demonstrate ability to meet his/her financial obligations without borrowing on credit.
- LD 415** Allows a sales tax credit on trade-in of core parts.
- LD 423 D** Repeals Maine's Estate Tax.
- LD 436 K** Excise Tax would be based on the actual purchase price.
- LD 437 P** Changes the motor vehicle safety inspection program: creates a 2-year inspection until the vehicle is 7 model years old; exempts motor vehicles being driven on a dealer plate.
- LD 447** Raises the minimum wage to \$7.75 on October 1, 2011 and to \$8.00 on October 1, 2012.
- LD 455** Creates a study for health insurance purchasing across state lines in New England.
- LD 473** Allows purchase of health insurance from other states IF certain requirements are met.
- LD 477 P** Requires mufflers on motorcycles.
- LD 480 K** Allows motor vehicle repair facilities to use up their existing inventory of lead wheel weights.
- LD 496** Allows health insurance policies to provide incentives to participants who obtain certain medical services outside of local geographic areas.
- LD 516 D** Adjusts limits on hours worked by 16 and 17 year olds, and conforms Maine law to federal law regarding employment of minors.
- LD 517** Limits health insurance carriers from requiring certain medications and prior authorizations in prescription coverages.
- LD 521** Allows an income tax credit for a business which hires a person who has not been employed for 6 months.
- LD 527 P** Increases the insurance required on rental motor vehicles.
- LD 553 P** Studies certain strategies for reducing Maine's dependence on oil, including higher use of electric and hybrid units as well as incentives for retirement of older vehicles.
- LD 570 K** Allows use of traffic surveillance cameras to enforce motor vehicle laws.

- LD 571** Changes the basis of sales tax on used vehicles, with exclusive use of receipt or bill of sale.
- LD 574** **K** Extends the 14-day temporary plate to 30 days.
- LD 603** Seeks a constitutional amendment requiring a two-thirds voter referendum approval before a tax can be raised.
- LD 610** **P** Changes the abandoned vehicle law by setting a 30 day period after notice to the vehicle owner as the point at which a vehicle is considered abandoned.
- LD 611** Allows auto rental companies to purchase, tax-free, and rent with 10% sales tax, an automobile, pickup truck or van up to 26,000 GVW; also allows auto rental companies to provide replacement transportation free of sales tax if the replacement vehicle is provided pursuant to a manufacturer or dealer warranty.
- LD 612** Mandates health insurance plans to cover "medication therapy management services" provided by a pharmacist.
- LD 614** **K** Requires DEP and LURC to hire private firms to complete an application review if the agency cannot complete the permit or license review within the days established in law.
- LD 625** **E** Allows all dealer licensees to obtain "vanity" loaner plates which match a dealership's "vanity" dealer plates.
- LD 670** **K** Prohibits use of handheld cell phones and other electronic devices while driving.
- LD 686** **K** Provides a personal property tax exemption for the first \$75,000 in value of machinery, equipment or furnishings that is owned and regularly used by a "small business" as defined by SBA.
- LD 698** A business with 50 or more employees and which receives a state tax credit, state tax break or state funds would be prohibited from paying the highest paid employee any more than 10 times the wages of the lowest paid employee.
- LD 704** **K** Exempts motorcycles from the annual safety inspection requirement.
- LD 706** **K** Adjusts motor vehicle excise tax - the tax is computed on 90% of MSRP; the mill rates become 24, 20, 15, 13, 10, 6 and then 3.5 (are now 24, 17.5, 13.5, 10, 6.5 and then 4) per thousand dollars of MSRP.
- LD 712** Mandates health insurance coverage for all clinical trials of medication.
- LD 713** Sets 10,000 GVW as the vehicle size limitation for collection of sales tax on the sales price of a service contract and thus exclusion from sales tax on parts used in performance of a service contract.
- LD 720** **K** Mandates health insurance coverage for at least 50% of the cost of infertility treatment.

- LD 721** Undergruound storage tanks would not have to be removed from service and properly abandoned upon expiration of the manufacturer's warranty, nor properly abandoned if not in service, as long as the tank is tested for the integrity of its shell.
- LD 730** Establishes a program under which a retail sales business could obtain a single license covering all obligations of Maine law.
- LD 734** **K** Allows front wheel drive vehicles to have studded tires only on the front wheels
- LD 736** **P** Prohibits texting while driving a motor vehicle.
- LD 761** Provides rebates to residential and commercial property owners who purchase certain solar and wind energy equipment and connect it to the electrical grid. Program funded by an assessment on transmission and distribution utilities, which presumably is passed on to ratepayers.
- LD 815** **K** Requires placement of safety inspection stickers only in lower left-hand corner of windshield.
- LD 822** Adds office equipment to business equipment property tax exemption.
- LD 826** Allows a municipality to impose up to a 3% local option sales tax by local referendum.
- LD 836** **K** Repeals the alternative minimum tax for both individuals and corporations.
- LD 847** **K** Allows businesses to use same business expense deductions on Maine income tax as used for federal income tax returns.
- LD 849** Lowers income tax rate from 8.5% to 6.5% as revenues rise above budgeted amount.
- LD 858** **K** Repeals certain insurance mandates applicable to multiple-employer health insurance programs such as MADA Insurance Trust.
- LD 868** **K** Requires Maine Revenue Service to implement any change in tax policy or procedure only after review by the Legislature's Tax Committee; also requires MRS to notify any taxpayer of any impending audit, the reasons for the audit, and to record all conversations with the taxpayer during the audit period.
- LD 882** Requires the Bureau of Insurance to identify any health insurance mandated benefits which exceed the new federal healthcare law definition of "minimum essential benefits", and to prepare legislation eliminating the additional Maine mandates; in addition, it prohibits the offering of a health plan which exceeds "minimum essential benefits".
- LD 891** **P** Allows 120 days to first payment, with interest - a change from 90 days delay under current law.
- LD 893** Requires employers to inform employees, either with poster or employee handbook, whether employees receive paid personal time and whether unused personal time is payable upon termination.

- LD 898** Revises Maine estate tax to exempt \$1 million and progressively tax amounts above the exemption.
- LD 899** Mandates health insurance plans offered to persons 65 and older to incorporate availability of comparable government programs.
- LD 925** **K** Requires motorcycle inspection and insurance prior to registration, and requires future registrations and inspections to come due in the same month.
- LD 934** Seeks to reform Dirigo Health in unspecified ways.
- LD 941** Prohibits mandatory immunizations for adults and children.
- LD 960** Requires that auto liability insurance policies cover towing costs from accident scene if requested by emergency personnel.
- LD 961** Exempts sales made over the Internet from sales and use tax.
- LD 966** Prohibits operation of a commercial motor vehicle by a person with methodone in his/her body.
- LD 994** Creates a "livable wage" standard which must be met by any employer receiving State tax credits, tax reimbursement, or tax forgiveness.
- LD 1030** A concept draft which seeks to create subsidies (a.k.a. Dirigo Health tax) for distribution to small employers as assistance with health care costs.
- LD 1047** **K** Allows re-registration of a motor vehicle, including trailer, to begin in month of renewal, not back to the month of expiration.
- LD 1055** Requires high risk pool placement of workers compensation for those employers which have a MOD factor greater than 1.0 and at least two claims higher than \$40,000 in the past 3 years.
- LD 1056** Increases the pool of doctors who can perform Independent Medical Exams re: workers compensation claims.
- LD 1057** Requires a 2/3 vote of the Legislature to increase unemployment contribution rate.
- LD 1065** Changes the method of determining permanent impairment for a workers compensation claim.
- LD 1066** Increases the cost of heating oil, kerosene and propane to fund home weatherization and heating fuels efficiency programs.
- LD 1071** Permits mini-trucks, a 4-wheeler with maximums of 60 mph and 2,000 pounds, to be operated on public ways within 100 miles of registered address.
- LD 1078** Amends the audit and enforcement authority of the Workers Compensation Board.
- LD 1086** Creates an income tax credit for the purchase of a qualified plug-in electric vehicle.

- LD 1123 P** An inspection mechanic who performs an inspection while license is revoked commits a Class E crime.
- LD 1130** Allows out-of-state residents to maintain accounts in Maine financial institutions without the requirement to become a Maine resident for income tax liability.
- LD 1131** Requires health care providers to distribute price list of most common services upon request.
- LD 1137** Conforms business expense deductions for equipment purchases to federal income tax law.
- LD 1147** Conforms Maine's Estate Tax with federal exemptions level.
- LD 1153** Requires all bonds issued by the State to be first approved by the voters.
- LD 1179** Requires the Bureau of Insurance to review and approve small group health insurance premium changes, and authorizes the Superintendent to amend Maine insurance rules to be consistent with new federal health care law.
- LD 1185** Amends the DEP process for prioritizing toxic chemicals which could be harmful to children.
- LD 1191** Limits to one year the time a utility may hold a business customer's deposit.
- LD 1202** Equalizes the fee on new motor vehicle oil to \$.35 per gallon (this fee funds the process of resolving the George West waste oil sites and is paid by the oil distributor, thus included in your cost of motor vehicle oil).
- LD 1205** Permits businesses which collect and remit Maine sales tax to keep up to 1% as a collection allowance.
- LD 1213** Concept draft on funding a new convention/civic center in Cumberland County, perhaps with a local option tax.
- LD 1215 K** Mandates health insurance coverage for nutritional wellness and illness prevention measures, including dietary supplements.
- LD 1221** Requires a state agency to pay a late fee if the agency does not pay the vendor within the agreed-upon time period.
- LD 1223** Requires a taxpayer using a credit card to pay municipal taxes to also pay any user fees charged the municipality for processing.
- LD 1229 K** Mandates health insurance coverage for hearing aids for adults.
- LD 1233** Prohibits enforcement in Maine of the new federal health care law.
- LD 1235** Allows an employer which does not offer paid sick time to establish an illness account which both the employer and employee may fund, funds which are not subject to state taxes.

- LD 1238** Allows an employer to train a prospective employee, who currently receives unemployment benefits, up to six weeks during which time the employer does not pay wages and the trainee continues to receive unemployment benefits.
- LD 1239** **K** Mandates dental and health insurance coverage for denturist services.
- LD 1241** Revises requirements related to employer-mandated drug testing of employees.
- LD 1244** Increases the amounts payable to health care providers under workers compensation insurance.
- LD 1248** Requires that any state tax or fee increase be approved by voters during a state-wide election.
- LD 1251** Revises the credit card processing system to ease restrictions on merchants.
- LD 1268** Amends workers compensation law to allow recovery of payments made to an employee while the hearing officer reviews an appeal of a previous award of compensation.
- LD 1285** Revises the funding of the Workers Compensation Board.
- LD 1312** Requires a notary public to keep a written record of all notarial acts.
- LD 1313** Amends a variety of motor vehicle laws, including a revision to penalties on a dealership failing to file a title application within 30 days of the date of sale, and a clarification of penalties on a dealership for failing to pay off outstanding liens on a traded-in vehicle within 10 days of the transaction.
- LD 1314** Revises the conditions for determination of "independent contractor".
- LD 1325** Amends several sections of tax laws, including a provision requiring retailers to separately list any sales tax, or to state that the price includes sales tax, when the customer receives an invoice or bill of sale.
- LD 1336** Establishes an internship tax credit at 10% of wages.
- LD 1338** Amends the Maine Consumer Credit Code to conform to recent federal law changes.
- LD 1340** Suspends fuel tax indexing (i.e. annual increases in the gas tax) for two years.
- LD 1346** Amends the laws regarding minimum wage and allowed working hours of minors.
- LD 1350** Revises Maine's income tax rates into 6 brackets: 18% of taxpayers pay 0% of income; 22% pay 2%; 22% pay 4.5%; 17% pay 7%; 13% pay 8.5%; and 8% pay 10%.

- LD 1359** Allows a municipality to adopt a motor vehicle noise ordinance.
- LD 1369** Replaces current state income tax system with a flat rate equal to 36.25% of a taxpayer's federal income tax.
- LD 1371** Replaces current appeal procedures of Maine Revenue Services with an independent appeals office, which includes a taxpayer advocate.
- LD 1384** Institutes a "sales tax holiday" weekend, but motor vehicle sales would still be subject to Maine sales tax.
- LD 1393** Requires a health care provider to prepare reasons for a procedure or treatment plan, along with a cost estimate, options to the recommendations and their costs, and the estimated amount of insurer and patient payment toward the cost.
- LD 1397** Establishes a single payor health care system effective in 2017, funded by a tax equal to 9% of a person's federal adjusted gross income.
- LD 1405** Amends the law relating to advertising signs to allow them further (2500 feet rather than 1000 feet) from the primary building, to allow an expanded area on changeable signs, but limits changes to once per minute (currently is once every 20 seconds).
- LD 1420** Amends the tests necessary to qualify as an independent contractor for unemployment compensation laws.
- LD 1426** Allows supervisors, managers and executives to be informed of misrepresentations, mistruths and omissions of information discovered during a "post offer, pre-employment physical".
- LD 1434** Amends the waste oil remediation program to streamline the process of reaching final reclamation at the George West waste oil sites and ending PRP liability exposure (this LD is the product of a 6-month effort in which MADA and all interested parties reached this consensus).
- LD 1436** Amends small group health insurance laws regarding rating bands (allowed differences between low and high premium levels) as well as guaranteed issue rules.
- LD 1450** Amends a variety of employment laws regarding independent contractors, wage change notices, notices of workplace rules and pay plans, and penalties for noncompliance.