

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-SIX

—
H.P. 1469 - L.D. 2188

An Act to Amend Certain State Tax Laws

Be it enacted by the People of the State of Maine as follows:

PART A

Sec. A-1. 36 MRSA §111, sub-§2, as repealed and replaced by PL 2011, c. 380, Pt. J, §1, is amended to read:

2. Notice. "Notice" means written notification served personally, sent by certified mail or sent by first-class mail to the last known address of the person for whom the notification is intended. A person's last known address is the person's address as reported on the person's most recently filed Maine tax return or as otherwise specified by the person in written correspondence on file with the bureau, unless the bureau determines that a different address is the most current address for the person, in which case the bureau must use that address. Notice by first-class mail is deemed to be received ~~3~~ 7 days after the mailing, excluding Sundays and legal holidays. If the State Tax Assessor is required by a provision of this Title to give notice by certified mail and attempts to do so but the mailing is returned with the notation "unclaimed" or "refused" or a similar notation, the assessor may then give notice by sending the notification by first-class mail. In the case of a joint income tax return, notice may be a single joint notice except that, if the assessor is notified by either spouse that separate residences have been established, the assessor must mail a joint notice to each spouse. If the person for whom notification is intended is deceased or under a legal disability, and the assessor knows of the existence of a fiduciary relationship with respect to that person, notice must be sent by first-class mail to the last known address of the fiduciary.

Sec. A-2. 36 MRSA §5122, sub-§1, ¶KK, as enacted by PL 2015, c. 388, Pt. A, §5, is amended to read:

KK. For taxable years beginning on or after January 1, 2015 but before January 1, 2025:

- (1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k)

with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-NN for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-NN.

Sec. A-3. 36 MRSA §5122, sub-§1, ¶QQ is enacted to read:

QQ. For taxable years beginning on or after January 1, 2025, an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k).

Sec. A-4. 36 MRSA §5122, sub-§2, ¶M-3, as corrected by RR 2025, c. 1, Pt. A, §55, is amended by amending subparagraph (1) to read:

(1) For individuals filing as single individuals and for married individuals filing separate returns, \$125,000;

Sec. A-5. 36 MRSA §5122, sub-§2, ¶M-3, as corrected by RR 2025, c. 1, Pt. A, §55, is amended by amending subparagraph (2) to read:

(2) For individuals filing as heads of households, \$187,500; or

Sec. A-6. 36 MRSA §5122, sub-§2, ¶M-3, as corrected by RR 2025, c. 1, Pt. A, §55, is amended by amending subparagraph (3) to read:

(3) For individuals filing married joint returns or as surviving spouses, \$250,000;
or

Sec. A-7. 36 MRSA §5122, sub-§2, ¶M-3, as corrected by RR 2025, c. 1, Pt. A, §55, is amended by repealing subparagraph (4).

Sec. A-8. 36 MRSA §5122, sub-§2, ¶RR, as enacted by PL 2019, c. 527, Pt. A, §2 and reallocated by RR 2019, c. 1, Pt. A, §70, is amended to read:

RR. For taxable years beginning on or after January 1, 2020, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service during the taxable year beginning on or after January 1, 2020 for which an addition was required under subsection 1, paragraph KK and, for taxable years beginning on or after January 1, 2025, under subsection 1, paragraph QQ for the taxable year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, ~~paragraph~~ paragraphs KK and QQ and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph KK for taxable years beginning on or after January 1, 2020 and, for taxable years beginning on or after January 1, 2025, under subsection 1, paragraph QQ for the same property.

Sec. A-9. 36 MRSA §5200-A, sub-§1, ¶CC, as enacted by PL 2015, c. 388, Pt. A, §11, is amended to read:

CC. For taxable years beginning on or after January 1, 2015 but before January 1, 2025:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-NN for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-NN.

Sec. A-10. 36 MRSA §5200-A, sub-§1, ¶II is enacted to read:

II. For taxable years beginning on or after January 1, 2025, an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k).

Sec. A-11. 36 MRSA §5200-A, sub-§2, ¶FF, as enacted by PL 2019, c. 527, Pt. A, §4, is amended to read:

FF. For taxable years beginning on or after January 1, 2020, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service during the taxable year beginning on or after January 1, 2020 for which an addition was required under subsection 1, paragraph CC and, for taxable years beginning on or after January 1, 2025, under subsection 1, paragraph II for the taxable year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal taxable income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, ~~paragraph~~ paragraphs CC and II and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph CC for taxable years beginning on or after January 1, 2020 and, for taxable years beginning on or after January 1, 2025, under subsection 1, paragraph II for the same property.

Sec. A-12. 36 MRSA §5295, sub-§4, ¶B, as enacted by PL 2025, c. 336, §2, is amended to read:

B. Explain that a taxpayer may choose to wait for the enactment by the Legislature of legislation that addresses federal income tax law changes by filing under extension pursuant to section 5231, ~~subsection 4~~;

PART B

Sec. B-1. 36 MRSA §1752, sub-§6-K, as enacted by PL 2025, c. 388, Pt. G, §22 and affected by §48, is amended by amending the first blocked paragraph to read:

"Mobility-enhancing equipment" does not include durable medical equipment. "Mobility-enhancing equipment" includes crutches and wheelchairs.

Sec. B-2. 36 MRSA §1760, sub-§5-A, as repealed and replaced by PL 2017, c. 170, Pt. C, §4 and affected by §9, is amended to read:

5-A. Prosthetic or orthotic devices. Sales of:

A. Prosthetic or orthotic devices sold by means of an order issued by a health care practitioner as defined in Title 24, section 2502, subsection 1-A who is licensed under Title 32; ~~and.~~

~~B. Crutches and wheelchairs for the use of sick, injured or disabled persons and not for rental.~~

Sec. B-3. 36 MRSA §1760, sub-§58, as amended by PL 2003, c. 588, §8, is repealed.

Sec. B-4. 36 MRSA §1760, sub-§74, ¶A, as enacted by PL 2007, c. 438, §46, is amended to read:

A. Tangible personal property that becomes an ingredient or component part of tangible personal property produced for later sale or lease, ~~other than lease for use in this State~~, or that becomes an ingredient or component part of tangible personal property produced pursuant to a contract with the Federal Government or an agency of the Federal Government; and

Sec. B-5. 36 MRSA §1760, sub-§74, ¶B, as enacted by PL 2007, c. 438, §46, is amended to read:

B. Tangible personal property, other than fuel or electricity, that is consumed or destroyed or loses its identity directly and primarily in the production of tangible personal property for later sale or lease, ~~other than lease for use in this State~~, or that is consumed or destroyed or loses its identity directly and primarily in the production of tangible personal property produced pursuant to a contract with the Federal Government or an agency of the Federal Government.

Sec. B-6. 36 MRSA §4403, sub-§1, as amended by PL 2025, c. 388, Pt. E, §5 and affected by §6, is further amended to read:

1. Smokeless tobacco products before January 5, 2026. Before January 5, 2026, a tax is imposed on smokeless tobacco products, including chewing tobacco and snuff, at the rate of:

A. On amounts of smokeless tobacco products packaged for sale to the consumer in a package that contains one ounce or more of smokeless tobacco products, \$2.02 per ounce and prorated; and

B. On smokeless tobacco products packaged for sale to the consumer in a package that contains less than one ounce of smokeless tobacco products, \$2.02 per package.

Beginning January 2, 2020, the tax rates in this subsection are subject to adjustment pursuant to subsection 5.

Sec. B-7. 36 MRSA §4403, sub-§1-A, as enacted by PL 2025, c. 388, Pt. E, §5 and affected by §6, is amended to read:

1-A. Smokeless tobacco products on or after January 5, 2026. Beginning January 5, 2026, a tax is imposed on smokeless tobacco products, including chewing tobacco and snuff, at the rate of:

A. On amounts of smokeless tobacco products packaged for sale to the consumer in a package that contains one ounce or more of smokeless tobacco products, \$3.54 per ounce and prorated; and

B. On smokeless tobacco products packaged for sale to the consumer in a package that contains less than one ounce of smokeless tobacco products, \$3.54 per package.

The tax rates in this subsection are subject to adjustment pursuant to subsection 5.

PART C

Sec. C-1. 36 MRSA §502, first ¶, as amended by PL 1997, c. 216, §1, is further amended to read:

All real estate within the State, all personal property of residents of the State and all personal property within the State of persons not residents of the State is subject to taxation on the first day of each April as provided; and the status of all taxpayers and of such taxable property must be fixed as of that date. Upon receipt of a declaration of value under section 4641-D reflecting a change of ownership in real property, the assessor may change the records of the municipality to reflect the identity of the new owner, if notice of tax liabilities is sent both to the new owner and to the owner of record as of the April 1st when the liability accrued. The taxable year is from April 1st to ~~April 1st~~ March 31st. Notwithstanding this section, proration of taxes must be over the period specified in section 558.

Sec. C-2. 36 MRSA §943, 4th ¶, as enacted by PL 2025, c. 351, §1, is amended to read:

If the party named on the tax lien mortgage has sold or otherwise conveyed the property to another person and provides proof of payment of that party's own pro rata share of taxes ~~due assessed for the tax year subject to the lien pursuant to a written property tax proration agreement~~, the municipal treasurer or the treasurer's designee ~~of record~~ shall prepare and record, upon request from the party named on the tax lien mortgage, a ~~discharge of the tax lien mortgage against that party in the same manner as is now provided for the discharge of real estate mortgages, except that a facsimile signature of the treasurer or treasurer's assignee may be used. The discharge under this paragraph is only for the seller certificate that names that party and states that the party has paid that party's own pro rata share of the taxes owed and does not owe property taxes in connection with the tax lien mortgage. The discharge of the tax lien must include a statement that the assignee, following the release of the property, did not owe property taxes as to the released property. The assignee of the discharge party requesting the certificate is responsible for the cost of recording the discharge certificate. The assignee of the discharge must be limited to the seller~~ Only a party named on the tax lien mortgage who has sold or otherwise disposed of the property that is the subject of the tax lien mortgage may request a certificate prepared and recorded under this paragraph. This section does not limit a municipality's remedies to collect unpaid real estate taxes through other means.

Sec. C-3. 36 MRSA §948, first ¶ is amended to read:

When taxes are assessed under section 713, the lien upon real estate ~~shall~~ must be enforced ~~as provided in sections 941 to 943~~ according to the procedures provided in this subchapter; except that if real estate ~~shall have~~ has been transferred to a bona fide purchaser for value since the assessment was omitted or invalidly made with the transfer duly recorded, prior to the date of the supplemental assessment, the lien ~~shall terminate~~ terminates.

Sec. C-4. 36 MRSA §949, as enacted by PL 2015, c. 53, §1, is repealed.

Sec. C-5. 36 MRSA §1281, first ¶, as amended by PL 2023, c. 579, §2, is further amended to read:

Annually, after January 15th but no later than January 31st, the State Tax Assessor shall send by mail to the last known address of each owner of real estate subject to assessment under section 1602, including supplementary taxes assessed under section 1331, upon which taxes remain unpaid a notice in writing, containing a description of the real estate assessed and the amount of unpaid taxes and interest, and alleging that a lien is claimed on that real estate for payment of those taxes, interests and costs, with a demand that payment be made by the next February 21st. For property that constitutes a homestead for which a property tax exemption is claimed under chapter 105, subchapter 4-B, the State Tax Assessor shall include in the written notice ~~written notice~~ to the owner named on the tax lien mortgage that that owner may be eligible to file an application for tax abatement under section 841, subsection 2, indicating that the State Tax Assessor, upon request, will assist the owner in requesting an abatement and provide information regarding the procedures for making such a request. The notice must also indicate that the owner may seek assistance from an advisor who can help the owner work with the State Tax Assessor to avoid tax lien foreclosure and provide information regarding ways to contact sources of assistance including legal services providers described in Title 4, section 18-A, subsection 1, paragraph B. The Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection, by July 15th annually, shall post on a publicly accessible website information on accessing sources of assistance, and that information may be used by the State Tax Assessor in providing the information required in the notice. Before posting this information, the bureau shall consider input, if any, received from legal services providers, counselors and state and federal agencies involved in foreclosure prevention matters. If the owners of any such real estate are unknown, instead of sending the notices by mail, the assessor shall cause the information required in this section on that real estate to be advertised in the state paper and in a newspaper, if any, of general circulation in the county in which the real estate lies. Such a statement or advertisement is sufficient legal notice of delinquent taxes. If those taxes and interest to date of payment and costs are not paid by February 21st, the State Tax Assessor shall record by March 15th, in the registry of deeds of the county or registry district where the real estate lies, a certificate signed by the assessor, setting forth the name or names of the owners according to the last state valuation, or the valuation established in accordance with section 1331; the description of the real estate assessed as contained in the last state valuation, or the valuation established in accordance with section 1331; the amount of unpaid taxes and interest; the amount of costs; and a statement that demand for payment of those taxes has been made, and that those taxes, interest and costs remain unpaid. The costs charged by the register of deeds for the filing may not exceed the fees established by Title 33, section 751.

Sec. C-6. 36 MRSA §1283, as amended by PL 2017, c. 375, Pt. F, §§2 and 3 and affected by §4, is further amended to read:

§1283. Supervision, administration and sale of real estate

A copy of the lien certificate ~~shall~~ must be filed in the office of the State Tax Assessor. On the 30th day of March annually, whenever the State ~~shall have~~ has acquired title to real estate assessed for any taxes assessed under chapter 115, the State Tax Assessor shall certify to the State Controller the amount of unpaid taxes, interest and costs then outstanding. Unpaid taxes and interest and costs on the books of the State ~~shall~~ must be charged against the Unorganized Territory Education and Services Fund.

Whenever the State acquires title to real estate under this subchapter, except real estate that is a permanent residence, as defined in section 681, the State Tax Assessor shall cause an inventory to be made of all the real estate. The inventory must contain a description of the real estate, amount of accrued taxes by years and any other information necessary in the administration and supervision of the real estate. A copy of the inventory must be furnished to the Commissioner of Agriculture, Conservation and Forestry and the Commissioner of Inland Fisheries and Wildlife prior to the convening of the Legislature. ~~The assessor~~ State Tax Assessor shall report annually to the Legislature not later than 15 days after it convenes. The report must contain a copy of the inventory of real estate then owned by the State and such recommendations as to the disposition of this real estate ~~the assessor~~ State Tax Assessor, the Commissioner of Agriculture, Conservation and Forestry and the Commissioner of Inland Fisheries and Wildlife may wish to make. Whenever the State acquires title to real estate that is a permanent residence, as defined in section 681, the State Tax Assessor may cause an inventory to be made of that real estate; that inventory must comply with the requirements of this paragraph.

The State Tax Assessor shall, after authorization by the Legislature, sell and convey any ~~such~~ real estate upon which a tax lien mortgage has been foreclosed pursuant to this chapter; ~~but shall in all cases of sales, except sales to the former owners of the real estate, give public notice of the proposal to sell such real estate and shall ask for competitive bids and shall sell to the highest bidder, with the right of rejecting all bids using the sale process provided under section 943-C.~~ Sales of such real estate or any stumpage on that real estate may not be made by the State Tax Assessor except by authorization of the Legislature. Notwithstanding any provisions of this chapter to the contrary, if the State Tax Assessor has not yet conveyed such real estate, the State Tax Assessor may convey the real estate to the prior owner under the authorization of this section if the tax, interest and costs are satisfied by way of full payment, compromise or abatement.

The supervision, administration, utilization and vindication of the rights of the State in such real estate ~~shall be~~ are vested in the State Tax Assessor until title is conveyed or otherwise disposed of by the Legislature.

~~All money received from the sale or use of such real estate shall be credited to the Unorganized Territory Education and Services Fund.~~

This section ~~shall apply~~ applies to real estate acquired through tax sales and owned by the State.

Sec. C-7. 36 MRSA §2723-A, sub-§5-A, as amended by PL 1997, c. 24, Pt. C, §6, is further amended to read:

5-A. Computing tax. This amount must be multiplied by 40% and the ~~sum~~ product must then be divided by the total number of adjusted acres of commercial forest land, rounded to the nearest 1/10 of a cent and multiplied by the number of adjusted acres of commercial forest land owned by each taxpayer to determine the amount of tax for which each owner of commercial forest land is liable.

Sec. C-8. 36 MRSA §6252, sub-§2, as amended by PL 2021, c. 483, Pt. AA, §7 and affected by §21, is further amended to read:

2. Fee simple estate. The individual claiming a deferral must, solely or together with the individual's spouse, own the fee simple estate or be purchasing the fee simple estate under a recorded instrument of sale, or 2 or more individuals must together own or be purchasing the fee simple estate with rights of survivorship under a recorded instrument of sale if all owners live in the homestead. For purposes of this subsection, property held in a revocable living trust for the benefit of the taxpayer is deemed to be a fee simple estate owned by the taxpayer.

Sec. C-9. 36 MRSA §6254, sub-§2-B, as enacted by PL 1989, c. 713, §4, is amended to read:

2-B. Sale; legislative authorization. After authorization by the Legislature, the State Tax Assessor shall, ~~sell or convey any such real estate upon which a tax lien mortgage has been foreclosed pursuant to this chapter, but shall in all cases of sales, except sales to former owners of the real estate, give public notice of the proposal to sell the real estate and shall ask for competitive bids and sell to the highest bidder with the right of rejecting all bids. Sales of any such real estate may not be made by the State Tax Assessor except by authorization of the Legislature using the sale process provided under section 943-C.~~

The supervision, administration, utilization and vindication of the right of the State in any such real estate is vested in the State Tax Assessor until the title is conveyed or otherwise disposed of by the Legislature.

PART D

Sec. D-1. 36 MRSA §507, sub-§1, as enacted by PL 2007, c. 432, §1 and affected by §2, is amended to read:

1. Reductions to tax. The property tax bill must contain a statement or calculation that demonstrates the amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, state reimbursement for the Maine resident homestead property tax exemption and state aid for education. ~~The State Tax Assessor shall annually provide each municipality with the amount of state-municipal revenue sharing and state aid for education subject to identification under this section.~~

Sec. D-2. 36 MRSA §5122, sub-§2, ¶L, as amended by PL 2003, c. 705, §11 and affected by §14, is repealed.

Sec. D-3. 36 MRSA §5122, sub-§2, ¶QQ, as enacted by PL 2019, c. 348, §3, is amended to read:

QQ. For tax years beginning on or after January 1, 2020, to the extent included in federal adjusted gross income, any earnings on funds in an account established under a qualified ABLE program that complies with the requirements of the federal Achieving a Better Life Experience Act of 2014, Public Law 113-295.