

STATE OF MAINE

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

—
H.P. 32 - L.D. 68

An Act to Amend the State Tax Laws

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

PART A

Sec. A-1. 33 MRSA §203, first ¶, as amended by PL 2019, c. 607, Pt. A, §3, is further amended to read:

Deeds and all other written instruments before recording in the registries of deeds, except those issued by a court of competent jurisdiction and duly attested by the proper officer thereof, and excepting plans and notices of foreclosure of mortgages and certain financing statements as provided in Title 11, section 9-1501, subsection (1), paragraph (a), and excepting notices of liens for internal revenue taxes and certificates discharging such liens and excepting notices of liens for the collection of taxes assessed pursuant to Title 36, Part 1 and Parts 3 to 8 and Title 26, chapter 13, and releases discharging such liens, and excepting notices of liens for the collection of taxes assessed pursuant to Title 36, Part 2 and Part 9 when filed by the State Tax Assessor, and releases discharging such liens, must be acknowledged by the grantors, or by the persons executing any such written instruments, or by one of them, or by their attorney executing the same, or by the lessor in a lease or one of the lessors or lessor's attorney executing the same, before a notary public in the State, or before an attorney-at-law duly admitted and eligible to practice in the courts of the State, if within the State; or before any clerk of a court of record having a seal, notary public or commissioner appointed by the Governor of this State for the purpose, or a commissioner authorized in the state where the acknowledgment is taken, within the United States; or before a minister, vice-consul or consul of the United States or notary public in any foreign country.

Sec. A-2. 36 MRSA §693, sub-§1, as amended by PL 2017, c. 170, Pt. B, §8, is further amended to read:

1. Reporting. On or before ~~April~~ May 1st of each year, a taxpayer claiming an exemption under this subchapter shall file a report with the assessor of the taxing jurisdiction in which the property would otherwise be subject to taxation on April 1st of that year. The report must identify the property for which exemption is claimed that would otherwise be subject to taxation on April 1st of that year and must be made on a form

prescribed by the State Tax Assessor or substitute form approved by the State Tax Assessor. The State Tax Assessor shall furnish ~~copies of~~ access to the form to each municipality in the State and the form must be made available to taxpayers prior to April 1st annually. The assessor of the taxing jurisdiction may require the taxpayer to sign the form and make oath to its truth. ~~If the report is not filed by April 1st, the filing deadline is automatically extended to May 1st without the need for the taxpayer to request or the assessor to grant that extension.~~ Upon written request, before the commitment of taxes, the assessor may grant ~~further extensions,~~ for good cause, an extension of time not to exceed 3 months to file the report. If a taxpayer fails to file the report in a timely manner, including any ~~extensions~~ extension of time, the taxpayer may not obtain an exemption for that property under this subchapter for that tax year. The assessor of the taxing jurisdiction may require in writing that a taxpayer answer in writing all reasonable inquiries as to the property for which exemption is requested. A taxpayer has 30 days from receipt of such an inquiry to respond. Upon written request, a taxpayer is entitled to a 30-day extension to respond to the inquiry and the assessor may at any time grant additional extensions to respond to the inquiry upon written request. The answer to any such inquiry is not binding on the assessor.

All notices and requests provided pursuant to this subsection must be made by personal delivery or certified mail and must conspicuously state the consequences of the taxpayer's failure to respond to the notice or request in a timely manner.

If an exemption has already been accepted and the State Tax Assessor subsequently determines that the property is not entitled to exemption, a supplemental assessment must be made within 3 years of the original assessment date with respect to the property in compliance with section 713, without regard to the limitations contained in that section regarding the justification necessary for a supplemental assessment.

PART B

Sec. B-1. 36 MRSA §1760, sub-§25, as amended by PL 2015, c. 300, Pt. A, §18, is further amended to read:

25. Watercraft purchased by nonresidents. Sales to or use by a person that is not a resident of this State of watercraft or materials used in watercraft as specified in this subsection. This subsection does not apply to the lease or rental of a watercraft to a person that is not a resident of this State.

A. The following are exempt when the sale is made in this State to a person that is not a resident of this State and the watercraft is sailed or transported outside the State within 30 days of delivery by the seller:

- (1) A watercraft;
- (2) Sales, under contract for the construction of a watercraft, of materials to be incorporated in that watercraft; and
- (3) Sales of materials to be incorporated in the watercraft for the repair, alteration, refitting, reconstruction, overhaul or restoration of that watercraft.

B. The purchase of a watercraft outside this State is exempt if the watercraft is registered outside the State by the purchaser and used outside the State by the purchaser and the watercraft is present in the State not more than 30 days, not including any time spent in this State for temporary storage, during the 12 months following its purchase.

For purposes of this paragraph, "used outside the State" does not include storage but means actual use of the watercraft for a purpose consistent with its design.

C. If, for a purpose other than temporary storage, a watercraft is present in this State for more than 30 days during the 12-month period following its date of purchase, the exemption applies only to 60% of the sale price of the watercraft or materials for the construction, repair, alteration, refitting, reconstruction, overhaul or restoration of the watercraft, as specified in paragraph A.

Sec. B-2. 36 MRSA §1760, sub-§113, ¶B, as enacted by PL 2021, c. 681, Pt. D, §2, is amended to read:

B. "Sales sourced to tribal land" means sales sourced pursuant to section 1819 to a location on tribal land. In addition, sales of motor vehicles other than those that are being leased for a period of less than one year to a tribal member are sales sourced to tribal land if the vehicle is intended to be driven or transported to tribal land immediately upon receipt of the vehicle.

Sec. B-3. 36 MRSA §1760, sub-§114, ¶B, as enacted by PL 2021, c. 681, Pt. D, §3, is amended to read:

B. "Sales sourced to tribal land" means sales sourced pursuant to section 1819 to a location on tribal land. In addition, sales of motor vehicles other than those that are being leased for a period of less than one year to a tribal entity are sales sourced to tribal land if the vehicle is intended to be driven or transported to tribal land immediately upon receipt of the vehicle.

Sec. B-4. 36 MRSA §1764, as amended by PL 2015, c. 300, Pt. A, §24, is further amended to read:

§1764. Tax against certain casual sales and rentals

The tax imposed by this Part must be levied upon all casual rentals of living quarters in a hotel, rooming house, tourist camp or trailer camp and upon all casual sales, including rentals pursuant to section 1752, subsection 13, involving the sale of trailers, truck campers, motor vehicles, special mobile equipment, watercraft or aircraft unless the property is sold for resale at retail sale or to a corporation, partnership, trust, limited liability company or limited liability partnership when the seller is the owner of 50% or more of the common stock of the corporation or of the ownership interests in the partnership, trust, limited liability company or limited liability partnership. This section does not apply to ~~the rental of living quarters rented for a total~~ rentals of fewer than 15 days in the calendar year, except that a person who owns and offers for rental more than one living quarters, trailer, truck camper, motor vehicle, special mobile equipment, watercraft or aircraft, each listed type of property considered separately, in the State during the calendar year is liable for collecting sales tax with respect to the rental of each unit of the type of property regardless of the number of days for which it is rented. For purposes of this section, "special mobile equipment" does not include farm tractors and lumber harvesting vehicles or loaders.

Sec. B-5. Application. This Part applies to sales made on or after January 1, 2026.

PART C

Sec. C-1. 5 MRSA §13080-Q, sub-§2, ¶C, as amended by PL 1997, c. 504, §1, is further amended to read:

C. State income withholding taxes derived from employment at a business within the base area are not eligible for use in the calculation of a payment to the fund if the business is eligible during the current year to receive a payment under any other program authorized by Title 36, Part 9 that is based on the amount of employer withholding taxes and the business has made or makes an election to receive that payment. State income withholding taxes derived from employment at a business within the base area attributable to any qualified employee whose wages are included in computing the benefit base eligible for reimbursement to a Maine Employment Tax Increment Financing Program qualified business pursuant to Title 36, chapter 917 are not eligible for use in the calculation of a payment to the fund.

Sec. C-2. 36 MRSA §5122, sub-§2, ¶M-2, as amended by PL 2023, c. 523, Pt. B, §1, is further amended by amending subparagraph (2), division (a) to read:

(a) "Employee retirement plan" means a state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees under the Code, Section 401(a), Section 403 or Section 457(b), except that distributions made pursuant to a ~~Section 457(b) plan~~ are not eligible for the deduction provided by this paragraph if they are made prior to age 55 and are not part of a series of substantially equal periodic payments made for the life of the primary recipient or the joint lives of the primary recipient and that recipient's designated beneficiary.

Sec. C-3. 36 MRSA §5195, sub-§20, as enacted by PL 2019, c. 380, §2, is amended to read:

20. Reviewed year. "Reviewed year" means the taxable year of a partnership that is subject to a partnership-level audit, or that files an administrative adjustment request, from which federal adjustments arise.

Sec. C-4. 36 MRSA §5196, sub-§3, ¶B, as amended by PL 2021, c. 181, Pt. A, §8, is further amended by amending subparagraph (10) to read:

(10) If the result in subparagraph (9) is a positive amount, ~~compute~~ interest and penalties pursuant to sections 186 and 187-B, respectively, ~~and add these amounts to~~ are determined on the amount computed in subparagraph (9) as adjusted by any applicable credit pursuant to paragraph C. For purposes of this subparagraph, notwithstanding any provision of law to the contrary, interest and penalty amounts with respect to the tax due under this subsection accrue beginning on the 15th day of the 3rd month following the end of the taxable year of a partnership that was subject to the partnership-level audit or administrative adjustment request; and

Sec. C-5. 36 MRSA §6753, sub-§4, ¶A, as enacted by PL 2009, c. 461, §26, is amended to read:

A. Pursuant to Title 30-A, section 5250-J, subsection 4-A, "base level of employment" may be adjusted ~~to mean 25% of the average number of employees of that business over the 3 months immediately preceding the catastrophic occurrence~~ for a qualified Pine Tree Development Zone business as defined in Title 30-A, section 5250-I, subsection 17.