

Shaded LDs have been voted on by the Committee

# WS 4/19/2023

**TAXATION COMMITTEE  
131<sup>st</sup> LEGISLATURE  
1st REG SESSION**

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LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY24	FY25
517	1856	3/28	4/6 4/19	Andrews	An Act to Allow Maine Families to Deduct Vehicle Excise Taxes on State Income Tax Returns	<p>This bill provides <u>an income deduction in the amount of MVET paid for a vehicle to:</u></p> <ol style="list-style-type: none"> <li><u>a resident individual</u></li> <li><u>who claims as a dependent child who has not attained 18 years of age.</u></li> </ol> <p>MRS indicates technical and administrative concerns. Suggests instead that dependent exemption tax credit would be a better alternative.</p>	4/6 not taken up	MRS estimates	
								Admin costs:	\$104,918 FY 24
								Revenue loss (annual)	\$4,000,000
533	635	3/28	4/6 4/19	Lanigan	An Act to Exempt Overtime Pay from Individual Income Tax	<p>This bill <u>excludes overtime pay</u> (hours in excess of 40 hours worked per week) <u>from income tax if the employer is required by law to pay the overtime</u> to the employee under Title 26, section 664, subsection 3.</p>	4/6 tabled For group to work on amndmnt		

<sup>1</sup> . Numbers may represent preliminary estimates and are subject to change. For more detail, please see fiscal note documents in LD file.

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
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643	1665	3/28	4/6 4/19	Terry	An Act to Promote Research and Development in the State by Increasing the Research Expense Tax Credit	<p>This bill <u>increases the research expense tax credit by:</u></p> <ol style="list-style-type: none"> <li><u>1. increasing the amount of expenditures eligible for the credit,</u></li> <li><u>2. doubling the rate by which the credit is calculated from 5% to 10% of the excess of qualified research expenses over the base amount and from 7.5% to 15% of the base research payments under the IRC ,</u></li> <li><u>3. doubling the maximum amount of the credit that may be claimed from 100% of the corporation's first \$25,000 tax due to the first \$50,000 of tax due and 75% of the amount over \$50,000 and</u></li> <li><u>4. halving the base amount used to determine the credit from 100% to 50% of the average amount per year spent by the taxpayer on qualified research expenses over the previous 3 years .</u></li> </ol> <p>Unused credit that exceeds the tax due for the year may be carried over for up to 15 years.</p> <p>MRS notes:</p> <ol style="list-style-type: none"> <li>1. Bill does not have application date</li> <li>2. Benefits highly concentrated on small number of large corps</li> <li>3. Consider 3/11/22 OPEGA report.</li> </ol>	4/6 not taken up	<p>MRS estimates</p> <p>Admin costs: Marginal, absorbed</p> <p>Revenue loss(annual) \$7.5 million</p> <p>“Red book” estimate of revenue loss of current credit: FY 25 \$3,240,000</p>	

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802	2073	3/30	4/6 4/19	Ducharme	An Act to Increase the Maine Exclusion Amount for Estate Tax Exemptions	<p>This bill <u>raises the Maine estate tax exclusion amount from \$5,600,000 to \$12,000,000 beginning with estates of decedents dying on or after January 1, 2023.</u></p> <p><u>Sponsor testimony presented change in language of the bill that would provide that Maine’s exclusion amount would equal the federal basis exclusion amount ( \$12,920,000 in 2023, indexed annual for inflation through 2026 then reverts to \$5,000,000?).</u></p> <p><u>Maine’s exclusion amount is also indexed annually and for deaths in 2023 is \$6,410,000.</u></p> <p>See 4/19 email from MRS (Sean Norton) for “exclusion amount” calculations</p> <p>MRS indicates need for technical amendment regarding inflation terminology.</p>	tabled	<p>MRS estimates</p> <p>Admin cost: Nominal/absorbed</p> <p>Revenue loss (annual) \$9 million</p>	
1060	132	3/30	4/6 4/19	Jackson	An Act to Support Municipal Public Safety by Increasing State-Municipal Revenue Sharing to 7 Percent	<p>This bill</p> <ol style="list-style-type: none"> <li><u>increases the percentage of state-municipal revenue sharing from 5% to 7% of Income Tax, Sales Tax and a portion of Service Provider Tax, and</u></li> <li><u>requires the additional funds to be used by municipalities for the employment, training and provision of emergency fire and medical services and law enforcement.</u></li> </ol> <p>Not clear who would be responsible for determining whether municipalities were using funds for designated purposes.</p>	4/6 not taken up	<p>MRS estimate</p> <p>Revenue loss to State (annual) \$100 million</p>	

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1118	591	4/11	4/19	Baldacci	An Act to Reduce the Sales Tax on Automobiles	<p>This bill exempts from the sales and use tax the first \$7,500 of the maker's list price of an automobile, sold on or after January 1, 2024.</p> <p><u>Definitions in Sales Tax statutes:</u>  <b>36 MRSA, §1752.1-B. "Automobile.</b> "Automobile" means a self-propelled 4-wheel motor vehicle designed primarily to carry passengers and not designed to run on tracks. "Automobile" includes a pickup truck or van with a gross vehicle weight rating of 10,000 pounds or less."   <b>36 MRSA §1752, sub§7. "Motor vehicle.</b> "Motor vehicle" means any self-propelled vehicle designed for the conveyance of passengers or property on the public highways. "Motor vehicle" includes an all-terrain vehicle and a snowmobile as defined in <a href="#">Title 12, section 13001</a>.   <u>"Maker's list price"</u> is defined in MV excise tax chapter but <u>not defined for sales tax</u>.</p>			
1303	1884	4/11	4/19	Faulkingham	An Act to Exempt Boats and All-terrain Vehicles Purchased for Qualified Commercial Fishing or Commercial Farming from State Sales Tax	<p><b>Current law:</b>  36 MRSA §2013 currently provides a <u>refund of sales tax or certification to purchase depreciable machinery and equipment without paying sales tax for persons engaged in commercial agricultural production, commercial fishing, commercial aquaculture, or commercial wood harvesting if the machinery and equipment will be used directly and primarily for those purposes.</u>  Current law <u>specifically excludes motor vehicles (including ATVs) and trailers.</u></p>			

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						<p><u>This bill</u> provides a sales tax exemption for sales to a <u>qualified purchaser</u> of:</p> <ol style="list-style-type: none"> <li><u>boats and all-terrain vehicles used directly and exclusively in commercial fishing or commercial agricultural production.</u></li> <li>The bill defines "qualified purchaser" to mean a <u>purchaser who, under current law, has obtained a certificate from the State Tax Assessor stating that the purchaser is engaged in commercial fishing or commercial agricultural production.</u></li> <li>It <u>also requires the seller to obtain from the purchaser an affidavit as prescribed by the assessor attesting to the qualification of the purchase for exemption.</u></li> </ol> <p>MRS concerned about overlaps and inconsistencies between current law and the bill.</p>			
1355	548	4/11	4/19	Riseman	An Act to Establish a Behavioral Health Employment Income Tax Credit for Student Loan Payments	<p>This bill <u>amends the student loan repayment tax credit for behavioral health clinicians</u> to:</p> <ol style="list-style-type: none"> <li><u>double the maximum annual tax credit</u> from \$2,500 per year to \$5,000 per year and</li> <li><u>double the lifetime cap</u> from \$25,000 to \$50,000.</li> </ol> <p>To be eligible for the increased credit, the bill requires that a <u>behavioral health clinician must be</u></p> <ol style="list-style-type: none"> <li><u>licensed to practice in a clinical capacity</u> in an agency licensed by the State to provide <u>mental health or substance use disorder treatment</u> services and <b>Sponsor in PH testimony indicated that this provision was included by mistake and should be stricken (p 2, lines7-10)</b></li> <li>be engaged in that employment <u>for at least 5 years.</u></li> </ol> <p>MRS has significant technical concerns that would need to be addressed for bill to be implemented.</p>		MRS estimates	Admin costs: Under consideration Revenue loss (annual): Less than \$1 million