

Shaded LDs have been voted on by the  
Committee

# 5/11/2023

**TAXATION COMMITTEE**  
**131<sup>st</sup> LEGISLATURE**  
**1st REG SESSION**  
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| LD | LR  | PH   | WS  | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION | FISCAL IMPACT <sup>1</sup>   |      |
|----|-----|------|-----|---------|---|--|-------------|--|------|
|    |     |      |     |         |   |  |             | FY24   | FY25 |
| 6  | 124 | 1/31 | 2/9 | Terry   | Resolve, Authorizing the State Tax Assessor to Convey the Interest of the State in Certain Real Estate in the Unorganized Territory | <p>This resolve is annual MRS bill that authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory (UT) that were acquired by the State for nonpayment of property taxes.</p> <p>MRS administers the property tax in the UT. Revenue from property tax in the UT is deposited in a Special Fund and used to cover the cost of municipal services provided in the UT.</p> <p>Property owners are given the opportunity to pay amounts owed before the property is sold.</p>   | OTPA        |  |      |
| 7  | 122 | 1/31 | 2/9 | Terry   | An Act to Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes              | <p>This bill is the <u>annual MRS bill</u> that updates the date of <u>conformity</u> with the U.S. Internal Revenue Code contained in the Maine Revised Statutes, Title 36</p> <p>The date of conformity in <u>current law</u> is <u>12/31/21</u>. This bill changes the date to <u>12/31/22</u> and applies to tax years beginning on or after January 1, 2022 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended.</p> <p>This bill conforms to changes in federal law enacted in calendar year 2022.</p> <p><u>MRS proposed amendment:</u><br/>           Delinks Maine IT standard deduction and dependent exemption credit from federal law to maintain the</p> | OTPA        | <u>MRS estimate:</u><br>Conforming to federal sunset in 2026 will result in approximately \$300,000,000 additional Maine IT revenue in FY 26 and subsequent years. |      |

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

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|    |     |      |             |         |  |   |               | FY24  | FY25 |
|    |     |      |             |         |  | benefits at current statutory rates rather than being reduced due to federal sunset in 2026.<br>Timing requested to take into consideration Revenue Forecasting process<br><br>Maine Center for Economic Policy proposes adopting 6.8% minimum tax.   |               |   |      |
| 37 | 211 | 3/13 | 4/4         | Pouliot | An Act to Amend the Laws Governing Property Tax Stabilization for Senior Citizens to Eliminate the Requirement for an Annual Application | This bill amends the laws governing <u>property tax stabilization for senior citizens to eliminate the requirement for an annual application</u> . It provides that a <u>new application is required when an individual establishes a new homestead</u> in the State.   | ONTP          |   |      |
| 66 | 250 | 1/31 | 2/9<br>2/16 | Perkins | An Act to Prohibit the Taxation of Drinking Water  | This bill expands the sales tax exemption for grocery staples to include drinking water other than flavored, mineral bottled and carbonated waters.<br><br>MRS testimony:<br><ol style="list-style-type: none"> <li>“drinking water” should be defined. Suggest Streamlined Sales Tax definition of “bottled water”.</li> <li>Questions whether it intended to include drinking water sold for nonresidential use (e.g. hotels etc)</li> <li>Needs application date.</li> </ol> <u>Rep. Hasenfus has proposed Committee Amendment</u> | OTPA/<br>ONTP | MRS PH testimony contains preliminary estimate revenue loss of \$7.5 million and \$10 million annually but depends on clarifications.<br><br>MRS Admin Costs minimal and can be absorbed.<br><br>In response to question from Rep. Rudnicki at PH, Newel Augur estimates \$3.1 million per year from ST on bottled water. |      |
| 68 | 177 | 2/14 |             | Sachs   | An Act to Exempt Certain Nonprofit Organizations from the Sales and Use Tax and the Service Provider Tax                                 | This <u>bill exempts from the sales and use tax</u> and from the service provider tax <u>sales to a non profit organization that is exempt from income tax under Section 501(c)(3) of the federal Internal Revenue Code</u> if the property or services sold are to be used primarily for the purposes for which the nonprofit organization was organized.<br><br>The bill also <u>requires the MRS Office of Tax Policy to review current sales and use tax and service provider</u>   |               | Similar provision was included in Committee Amendments to LD 2011 in 129 <sup>th</sup> Legislature, 2 <sup>nd</sup> Regular Session which died in possession of the House at end of session.<br><br>MRS estimates cost in the range of \$10 to \$12 million but needs more research; recommends study first.              |      |

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|    |     |     |      |         |  |   |               | FY24                       | FY25 |
|    |     |     |      |         |  | <p>tax exemptions to identify provisions that should be repealed or amended because they are duplicative or otherwise unnecessary and to submit a <u>report including suggested legislation repealing or modifying those exemptions to the TAX Committee.</u></p> <p>LD 2011 in the 129<sup>th</sup> Legislature contained same language. Bill died at end of session tabled in House without acceptance of either committee amendment.</p> <p>MRS comments:</p> <ol style="list-style-type: none"> <li>1. Not all nonprofits are 501(c)(3) orgs</li> <li>2. recommends doing study of existing exemptions before enacting generic exemption for all 501(c)(3) orgs.</li> </ol>   |               |                            |      |
| 88 | 488 | 3/9 | 3/21 | Paulhus | An Act to Provide Qualifying Municipalities a Percentage of Adult Use Cannabis Sales and Excise Tax Revenues | <p>This <u>bill establishes the Local Government Cannabis Revenue Fund and requires the transfer to the fund of 12% of revenue from the sales tax on adult use cannabis and adult use cannabis products and 12% of cannabis excise tax revenue.</u></p> <p>The fund must be <u>distributed monthly to municipalities where cannabis establishments are operating in proportion to the ratio of revenues generated by the sales and excise taxes on adult use cannabis and adult use cannabis products within the municipality to the revenues generated by all cannabis establishments operating in the State.</u></p> <p><u>28-B MRSA §1101.2.C (enacted in 2022) permits each municipality to receive up to \$20,000 from the Adult Use Marijuana Public Health and Safety and Municipal Opt-in Fund for certain administrative costs incurred in adopting an ordinance and related activities permitting the operation of cannabis establishments in the municipality.</u></p> <p>MRS has administrative concerns.</p> | OTPA/<br>ONTP |                            |      |

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| 89  | 218 | 3/16 | 4/4  | Moriarty | An Act to Clarify Eligibility for Property Tax Stabilization for Individuals 65 Years of Age or Older | This bill, for property tax years beginning on or after April 1, 2024, <u>expands eligibility for the property tax stabilization program</u> for individuals 65 years of age or older <u>to surviving spouses of eligible individuals as long as they were <u>married for at least 10 years</u> before the eligible individual's death.</u>  | ONTP        |                            |      |
| 101 | 253 | 2/7  | 2/16 | Perkins  | An Act to Return to the Former Owner Any Excess Funds Remaining After the Sale of Foreclosed Property | <p><u>1. Under current law, except in certain circumstances,</u> if a municipality, or the State Tax Assessor for property located in the unorganized territory, forecloses on property for failure to pay taxes owed on that property, <u>the municipality is under no obligation to return to the owner any funds that exceed the amount owed in taxes after the sale of the property.</u></p> <p><u>2. Under current law, 36 MRSA §943-C municipalities that intend to sell foreclosed property, must retain a licensed real estate broker, sell for fair market value and return excess funds (reduced by taxes owed and municipal costs) if:</u></p> <p><u>A. At least one of former owners is 65 or older</u></p> <p><u>B. Income reduced by medical expenses of former owners less than \$40,000</u></p> <p><u>C. Liquid assets of former owners is less the \$50,000 (single person) or \$75,000 (more than one person).</u></p> <p><u>If a licensed real estate broker cannot be found or property does not sell within 6 months, municipality may sell property through usual foreclosure process.</u></p> <p><u>3. This bill requires the municipality,</u> which includes the State Tax Assessor for property located in the unorganized territory, to</p> <p><u>A. Provide notice of the availability of the excess funds, after subtracting the tax lien, interest, fees</u></p> | tabled      |                            |      |

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|     |     |      |             |         |  |   |                                      | FY24                                    | FY25 |
|     |     |      |             |         |  | <p>for recording the lien, costs of mailing notice, court costs and any other expenses incurred in disposing of the property, <u>to the former owner</u> within 30 days after the sale of the property or 180 days after the foreclosure, whichever is sooner.</p> <p>B. <u>Keep the excess funds in a segregated escrow account.</u> If the former owner fails to claim the excess funds in person within 90 days after receipt of the notice, the municipality is allowed to retain the excess funds.</p> <p>C. <u>If the former owner or the former owner's representative notifies the municipality within 90 days after receipt of the notice,</u> the municipality must <u>negotiate with the former owner over the return of the excess funds.</u> If the former owner is dissatisfied with the municipality's offer, the <u>former owner may seek binding arbitration</u> for resolution of the matter.</p> |                                      |   |      |
| 130 | 29  | 3/16 | 4/4<br>4/27 | Bennett | An Act to Eliminate Senior Citizen Property Tax Stabilization and Expand the Homestead Property Tax Exemption. | <p>This bill <u>limits the application of the property tax stabilization</u> for person 65 years of age or older to the property tax year beginning on 4/1/23.</p> <p><u>For property tax years beginning on or after April 1, 2024, the bill replaces the stabilization program with an increased homestead property tax exemption of \$75,000 just value for person 65 or older who have resided in the homestead for at least the preceding 10 years..</u></p>   | <p>4/4 Tabled</p> <p>4/27 tabled</p> |   |      |
| 144 | 362 | 2/7  | 2/16        | Sachs   | An Act Regarding the Monitoring of Municipal Abandoned Property  | <p>1...<u>Under current law,</u> a municipality that certifies abandoned property is required to provide <u>information regarding the property to the Maine State Housing Authority</u> for use in determining opportunities for redevelopment, programs supporting first-time home buyers and similar programs and data analysis.</p> <p>2.. <u>This bill</u> instead requires the municipality to submit such <u>information to the Maine Redevelopment Land</u></p>  | <p>OTP/<br/>ONTP</p> <p>No fn</p>    | No Fiscal Note required<br>OFPR 2/24/23 |      |

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|     |     |      |             |         |   |  |             | FY24                       | FY25 |
|     |     |      |             |         |   | <p><u>Bank Authority</u> for use in determining opportunities for redevelopment.</p> <p>MRS requests that this bill and LD 167 be held until later in the session to be considered with other bills affecting PT relief programs that will be affected by these changes.</p>   |             |                            |      |
| 149 | 203 | 2/7  | 4/4         | Bailey  | An Act to Amend the Definition of "Homestead" Under the Homestead Property Tax Exemption Laws | <p><u>Current law</u> provides that one qualification of a residence for the <u>homestead property tax exemption</u> is <u>if the real property is held for the applicant in a revocable living trust.</u></p> <p><u>This bill removes the requirement that the living trust be revocable.</u></p>   | ONTP        |                            |      |
| 167 | 247 | 2/7  | 2/16<br>4/4 | Bell    | An Act Regarding Eligibility for the Maine Resident Homestead Property Tax Exemption          | <p>This bill provides that <u>a person who holds a life lease on a permanent residence is eligible for the Maine resident homestead property tax exemption.</u></p> <p>MRS concerns:<br/>Changes in definition of "homestead" has repercussions for other benefits that incorporate the definition of "homestead." MRS requests that this bill and LD 149 be held until later in the session to be considered with other bills affecting PT relief programs that will be affected by these changes.</p>  | ONTP        |                            |      |
| 191 | 289 | 2/14 |             | Stewart | An Act to Amend the Laws Regarding Certain Business Equipment Tax Benefits                    | <p>This bill <u>excludes from eligibility for the BETE and BETR a person that, based on 3rd-party certifications, bans, boycotts or otherwise restricts or prevents the sale or distribution of any product that is legally produced, harvested or grown in the Maine.</u></p> <p><u>BETR:</u></p> <ol style="list-style-type: none"> <li>1. Eligible property 1<sup>st</sup> placed in service after 4/1/95 and on or before 4/1/05.</li> <li>2. Certain retail sales facility property placed in service after 4/1/95</li> </ol> <p><u>BETE:</u></p> |             |                            |      |

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|     |     |      |      |          |   | <ol style="list-style-type: none"> <li>Eligible property 1<sup>st</sup> placed in service on or after 4/1/05</li> </ol> <p><u>MRS has administrative and Constitutional concerns.</u></p> <ol style="list-style-type: none"> <li>“3<sup>rd</sup> party certification” needs to be clarified.</li> <li>Constitutional “Commerce Clause” concerns</li> </ol>  |               |                            |      |
| 195 | 430 | 1/31 | 1/31 | Haggan   | An Act to Exempt Gold Star Parents from Income Tax                            | <p>This bill provides an exemption from Maine income tax to gold star parents who are residents of the State of Maine. Eligible persons are:</p> <ol style="list-style-type: none"> <li>Parents of a member of the United State Armed Forces who has died as the result of circumstances described in federal law (while engaged in action against an enemy of the US, engaged in military operations against an opposing foreign force or serving with friendly foreign forces in which the US is not a belligerent party; and</li> <li>Who demonstrate receipt of a report of casualty form or notification of loss from the U.S. Department of Defense.</li> </ol> | ONTP          |                            |      |
| 210 | 820 | 2/7  | 2/16 | Hasenfus | An Act to Expand the List of Persons Exempt from the Real Estate Transfer Tax | <p><u>Current law</u> provides exemption from Real Estate Transfer Tax for transfers to spouses, parents, grandparents and grandchildren.</p> <p><u>This bill expands</u> the exemption for family members to include siblings, stepchildren and step grandchildren.</p> <p>MRS indicates that it <u>already considers stepchildren and step grandchildren</u> to be exempt. Recommends considering <u>whether stepsiblings should be exempted.</u></p>   | OTPA/<br>ONTP |                            |      |
| 283 | 123 | 5/10 |      | Matlack  | An Act to Make Technical Changes to the Maine Tax Laws                        | <p><b>ANNUAL DAFS/MRS BILL</b><br/><b>MRS will provide chart</b></p> <p><u>Part A makes changes to the property tax law.</u> Part A:</p> <ol style="list-style-type: none"> <li>Allows disclosure of confidential information to the State Board of Property Tax Review;</li> </ol>   |               |                            |      |

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|    |    |    |    |         |       |   |             | FY24                       | FY25 |
|    |    |    |    |         |       | <p>2. Clarifies that a municipality's equalized tax rate of residential property is the equalized full value tax rate when calculating qualification for sudden and severe disruption assistance;</p> <p>3. Removes the requirement that updates to the property tax assessment manual be made by the State Tax Assessor by rule;</p> <p>4. Clarifies that the fixed-dollar parsonage and personal property exemptions for houses of religious worship are based on just value;</p> <p>5. Clarifies that only individuals qualify for certain property tax exemptions for veterans and removes gender-specific terms in those provisions;</p> <p>6. Facilitates the repeal of the Circuitbreaker Program, which has expired, by moving definitions from that program to current provisions;</p> <p>7. Clarifies that the income and asset limitations of the state property tax deferral program apply to all owners of the property; and</p> <p>8. Makes other technical and grammatical changes to improve the clarity of property tax provisions.</p> <p><u>Part B makes changes to the income tax law. Part B:</u></p> <p>1. Clarifies that a petition for reconsideration related to a determination issued by Maine Revenue Services must be filed within the specified time period with Maine Revenue Services in order to be available for review in Superior Court or by the Maine Board of Tax Appeals;</p> <p>2. Repeals the Maine income modifications related to the expired federal domestic production activities deduction;</p> <p>3. Repeals the Maine income modification for the expired federal unemployment compensation deduction;</p> <p>4. Repeals the Maine income modification for the expired federal deferral of income from discharge of indebtedness;</p> |             |                            |      |



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|     |      |      |                            |         |   |  |               | FY24                       | FY25 |
|     |      |      |                            |         |   | <p>5. Repeals the expired Maine income modification for insurance premiums for long-term care insurance;</p> <p>6. Repeals the expired Maine income modification for federal recovery amounts included in federal adjusted gross income;</p> <p>7. Clarifies Maine Revenue Services' rule-making authority regarding the Maine research expense income tax credit by correcting an erroneous reference to the federal Internal Revenue Code of 1986, removing unnecessary and confusing language and making the rule-making requirement discretionary;</p> <p>8. Clarifies that the benefit base under the property tax fairness credit includes property tax payments, and not payments of rent constituting property taxes, under the State's property tax deferral program; and</p> <p>9. Provides that the additional credit for permanently and totally disabled veterans under the property tax fairness credit is limited to the total taxes paid by the taxpayer and by the State on behalf of the taxpayer pursuant to the property tax deferral program, if any.</p> <p><u>Part C makes changes to provisions regarding the sales tax. Part C:</u></p> <p>1. Removes the word “pickup” from the phrase “pickup trucks” in the Multimodal Transportation Fund transfer to align with the removal of the word in the corresponding sales tax provisions by Public Law 2021, chapter 578; and</p> <p>2. Clarifies the confidentiality exemption for disclosing registration, revocation of registration or exemption certificate information by providing that the allowable disclosure is limited to the disclosure of information applicable to the previous 6 years.</p> |               |                            |      |
| 286 | 1192 | 2/14 | 3/2<br>4/4<br>4/11<br>4/18 | Carlow  | An Act to Authorize the Use of Tax Increment Financing Funds for Constructing or Renovating Municipal Offices and Other Municipal Buildings | <u>TIF districts must support economic development purposes and must be approved by DECD. List of allowed expenditures is lengthy. Use for general use municipal buildings is specifically excluded.</u>   | OTPA/<br>ONTP |                            |      |

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|     |     |      |     |          |   |   |                      | FY24   | FY25                            |
|     |     |      |     |          |   | <p><u>This bill permits revenue from tax increment financing (TIF) districts to be used for the construction or renovation of municipal offices or other municipal buildings when the legislative body of the municipality determines that conditions exist that impair the proper functioning of government or otherwise hinder the vitality of the local economy.</u></p> <p>Bill provides that TIF revenue that may be used for municipal properties <u>may not exceed 10% of the total current assessed value of the TIF district or \$3,000,000, whichever is less</u> during a 20 year period for any one TIF district.</p> <p><u>Both MRS and DECD have indicated needs to clarify language in the bill.</u></p> <p>Tabled for JSJ to draft amendment and run by chairs/</p> |                      |  |                                 |
| 287 | 235 | 2/14 | 3/2 | Murphy   | An Act to Support Parents by Providing a Sales Tax Exemption for Diapers        | <p>This bill provides a sales tax exemption for disposable and reusable diapers for children.</p> <p>MRS suggests use of Streamlined Sales Tax definition of “diapers” and “children’s diapers.”</p> <p>MRS recommends using Streamlined Sales Tax definitions to provide clarity with regard to exempted items.</p>  | OTPA (3)/<br>ONTP(4) | LD 863 in 129 <sup>th</sup> died on Appropriations Table at end of 2 <sup>nd</sup> Regular Session. Bill also included diaper covers, wraps and pins | Fiscal note: \$1.7 million/year |
| 341 | 951 | 3/30 | 4/6 | Ducharme | An Act to Amend the Maine Tree Growth Tax Law to Encourage Housing Construction | <p><u>Current penalty for withdrawal</u> of land from TGTL is <u>greater of:</u></p> <ol style="list-style-type: none"> <li>1. Current use reduction in taxes over previous 5 years, and</li> <li>2. (a) If the land was classified for 10 years or less, 30% of the difference in value on date withdrawn or<br/>(b) If the land was classified for more than 10 years 30% or the difference in value on date withdrawn reduced by 1% for each year over 10 years, but no lower than 20%.</li> </ol>   | 6 ONTP/<br>3 OTPA    |  |                                 |

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|     |      |      |             |         |   |  |                                      | FY24   | FY25 |
|     |      |      |             |         |   | This bill <u>reduces the penalty for withdrawal</u> of land from classification under the Maine Tree Growth Tax Law <u>to the lesser</u> of the two penalty options under current law,<br><br><b>IF</b><br>the land withdrawn is used for <u>the construction of single-family residential housing</u> and the conditions required for building construction are met <u>within 2 years of withdrawal</u> .   |                                      |  |      |
| 457 | 2184 |      |             | Chipman | An Act to Amend Maine's Tax Laws  | This bill is a concept draft pursuant to Joint Rule 208.<br>This bill would amend Maine's tax laws.  |                                      |  |      |
| 499 | 1756 |      |             | Chipman | An Act to Amend Maine's Tax Laws  | This bill is a concept draft pursuant to Joint Rule 208.<br>This bill would amend Maine's tax laws.  |                                      |  |      |
| 517 | 1856 | 3/28 | 4/6<br>4/19 | Andrews | An Act to Allow Maine Families to Deduct Vehicle Excise Taxes on State Income Tax Returns | This bill provides <u>an income deduction in the amount of MVET paid for a vehicle</u> to:<br>1. <u>a resident individual</u><br>2. <u>who claims as a dependent child who has not attained 18 years of age.</u><br><br>MRS indicates technical and administrative concerns. Suggests instead that dependent exemption tax credit would be a better alternative.   | 4/6 not taken up<br><br>4/19<br>ONTP | MRS estimates<br>Admin costs: \$104,918 FY 24<br>Revenue loss (annual) \$4,000,000 |      |
| 529 | 748  | 3/16 | 4/4         | Poirier | An Act to Remove the Annual Filing Requirement in the Property Tax Stabilization Laws     | This bill <u>amends</u> the laws governing <u>property tax stabilization</u> for senior citizens to:<br>1. <u>Eliminate the requirement for an annual application.</u><br>2. Requires <u>a new application when an individual establishes a new homestead</u> in the State.<br>3. Requires an <u>individual or the personal representative</u> of the individual's estate to <u>notify the municipality when there is a change in ownership of the individual's homestead.</u> | ONTP/<br>OTPA                        |  |      |

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| 533 | 635  | 3/28   | 4/6<br>4/19<br>5/2  | Lanigan    | An Act to Exempt Overtime Pay from Individual Income Tax  | This bill <u>excludes overtime pay received by an employee (hours in excess of 40 hours worked per week) from income tax if the employer is required by law to pay the overtime to the employee under Title 26, section 664, subsection 3.</u><br><br>MRS has technical concerns  | 4/6 tabled<br>For group to work on amndmnt<br><br>4/19 tabled<br><br>ONTP | MRS Estimates<br>Admin costs \$104,918 on going<br>Revenue loss (annual) \$70,000,000    |      |
| 541 | 1108 | 3/9    | 3/21                | Fredericks | An Act to Create Parity in the Taxation of Medicine   | This bill <u>includes medical cannabis in the sales tax exemption that applies to medicines sold on a doctor's prescription.</u>  | OTPA/<br>ONTP   | MRS provides a preliminary estimate over the next 3 years of approximately \$12,300,000. |      |
| 629 | 2204 | 3/9    | 3/21<br>4/4         | Ardell     | An Act to Improve, Protect and Defend the Individual Civil Right to Bear Arms Through Exemption of Firearms and Ammunition from Taxation    | This <u>bill:</u><br><br>1. <u>Prohibits the State Tax Assessor from assessing a sales or use tax on any firearms or ammunition sold or possessed in the State.</u><br><br>2. <u>Prohibits a municipality or a county officer from assessing a tax or fee on any firearms or ammunition sold or possessed in the State.</u><br><br><u>MRS has technical concerns.</u> | tabled  | MRS provides preliminary estimate of revenue loss of \$6,000,000 annually(?).            |      |
| 633 | 445  |        |                     | Madigan    | An Act to Dedicate Revenue from Alcohol Tax to Alcohol Use Disorder Treatment   | This bill is a concept draft pursuant to Joint Rule 208. This bill would dedicate a portion of the revenue from the taxes imposed on alcohol to funding for alcohol use disorder treatment programs.  |   |  |      |
| 641 | 839  | 3/3/28 | 4/6<br>4/12<br>4/25 | Roberts    | An Act to Combat Hunger by Creating an Income Tax Credit for Businesses Engaged in Food Production for Donations to Qualified Organizations | This bill provides <u>an income tax credit for:</u><br>1. <u>persons engaged in commercial agricultural production, commercial aquacultural production or commercial fishing</u><br>2. <u>for donations to a qualified donee that provides food to low-income individuals without charging</u>  | 4/6 not taken up<br>4/12 not taken up<br><br>ONTP                         | Maine Revenue Services Estimates<br>Admin costs \$33,000 FY 25 one time computer set up  |      |

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|     |      |      |             |         |   |   |                                      | FY24  | FY25 |
|     |      |      |             |         |   | <p><u>a fee for the food or requiring any other type of compensation from the low-income individuals.</u></p> <p>A <u>qualified done</u> is an IRC section 170(3)(2) organization<br/> A “low income individual” is a member of a low income household or who is homeless under the Maine Affordable Housing Act of 1989.</p> <p>The <u>credit is equal to 10% of the deduction claimed for federal income tax purposes up to a maximum credit of \$5,000.</u></p>  |                                      |   |      |
| 643 | 1665 | 3/28 | 4/6<br>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<br>4/19/2023 tabled | <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:<br/>FY 25 \$3,240,000</p> |      |

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|-----|------|------|--------------|----------|---|---|---|----------------------------|------|
|     |      |      |              |          |   |   |   | FY24                       | FY25 |
| 667 | 1948 | 3/23 | 4/5          | Collings | An Act to Impose a Tax Surcharge on Certain Incomes   | This bill <u>establishes an income tax surcharge</u> of:<br>1. 3% on taxable income in excess of \$1,000,000 up to \$10,000,000 and<br>2. 6% on taxable income in excess of \$10,000,000<br><u>and requires that the revenue collected from the surcharge must be spent on</u><br>1. public kindergarten to grade 12 education and<br>2. rural economic development.  | tabled  |                            |      |
| 695 | 570  | 4/13 | 4/20<br>4/25 | Kuhn     | An Act to Exempt Nonprofit Land Trusts from Sales Tax | This bill provides a <u>sales exemption</u> for<br>1. <u>sales to an incorporated nonprofit land trust</u><br>2. <u>if the tangible personal property or taxable services sold are to be used primarily for the purposes for which the nonprofit land trust was organized.</u><br><br>Note: LD 68 (PH 2/14) proposes a sales tax exemption for all IRC 501(c)(3) nonprofit organizations.<br><br>Question raised at PH regarding who benefits from nonprofit land trusts?<br><br>MRS suggests “land trust” should be defined.   | 4/20<br>ONTP/<br>OTPA<br><br>4/25<br>Reconsid.<br>OTPA/<br>OTPA |                            |      |
| 708 | 1842 | 3/7  | 3/21         | Morris   | An Act to Establish a Sales Tax Holiday Weekend       | This bill is an <u>EMERGENCY bill</u> that <u>establishes an annual 4-day sales tax holiday in August for sales of tangible personal property</u> , beginning at 12:01 a.m. of the 3 <sup>rd</sup> Friday before Labor Day until 11:59 p.m. of the 4 <sup>th</sup> day.<br><br><u>Similar bill in 130<sup>th</sup> Legislature (LD 1381, Morris) proposed 3-day weekend holiday in October. Included meals and lodging. Excluded tobacco products, motor vehicles, motorboats, and any single item with a price exceeding \$2,500. Fiscal Note; \$15 million to \$16 million.</u> | ONTP/<br>OTPA   |                            |      |

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|-----|------|-----|--------------|---------|--|--|---|----------------------------|------|
|     |      |     |              |         |  |  |   | FY24                       | FY25 |
|     |      |     |              |         |  | <p>Committee vote: ONTP(8)/OTPA(3) fno. Failed enactment in both H&amp;S.</p> <p><u>Sponsor testimony at PH indicates:</u><br/>Support for excluding “large ticket items” and tobacco products<br/>Allow holiday to apply to meals and lodging</p> <p><u>MRS indicates that emergency effectiveness may not allow enough time for administrative adjustments.</u></p>  |   |                            |      |
| 713 | 1934 | 3/7 | 3/21<br>4/4  | Andrews | RESOLUTION, Proposing an Amendment to the Constitution of Maine to Dedicate a Portion of Sales and Use Taxes from All Motor Vehicle Sales and Motor Vehicle-related Sales to the Highway Fund for Road and Bridge Capital Improvements | <p>This resolution proposes to <u>amend the Constitution of Maine to dedicate to the Highway Fund for road and bridge capital improvements 50% of sales and use tax revenue from sales of motor vehicles and sales related to motor vehicles.</u></p> <p><u>Bill reflects recommendations of the Blue Ribbon Commissions to Study and Recommend Funding Solutions for the State’s Transportation Systems. (2019, 2020).</u></p> <p><u>MRS indicates need for clarifications in language and indicates an estimated GF loss of approximately \$200 million per year. Possible conflict with transfers to Multimodal Transportation Fund.</u></p> <p>4/4 parties need more time to work something out.</p> | 4/4 not taken up                                      |                            |      |
| 758 | 623  | 3/7 | 3/21<br>4/11 | Brakey  | An Act to Account for the Impact of Inflation on the Taxation of Capital Gains and Losses  | <p>This bill provides that the portion of <u>capital gains included in federal adjusted gross income must be reduced by the amount by which the value of the asset increased less than the Consumer Price Index over the period of time the asset was held by the taxpayer.</u></p> <p><u>MRS identified problems:</u></p> <ol style="list-style-type: none"> <li>1. Bill doesn’t accomplish goal</li> <li>2. Significant complexity for taxpayer and State</li> <li>3. May not be administrable</li> </ol>  | 7 ONTP/<br>4 OTPA<br>fno<br><br>4/11<br>Recon<br>ONTP |                            |      |

| LD  | LR   | PH   | WS          | SPONSOR  | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION                                | FISCAL IMPACT <sup>1</sup>   |      |
|-----|------|------|-------------|----------|--|--|--|--|------|
|     |      |      |             |          |  |  |  | FY24   | FY25 |
|     |      |      |             |          |  | 4. Unable to estimate fiscal impact  |  |  |      |
| 792 | 630  | 3/23 | 4/5         | Brakey   | An Act to Provide a Turnpike Gasoline Fairness Credit for Maine Turnpike Drivers | This bill provides a <u>refundable income tax credit</u> based on: <ol style="list-style-type: none"> <li>the type of fuel used by</li> <li>motor vehicles owned by a Maine resident and</li> <li>the number of miles the vehicles traveled on the Maine Turnpike.</li> </ol>  | ONTP/<br>OTPA fno                          |  |      |
| 793 | 1463 | 3/30 | 4/6         | Brakey   | An Act to Support Municipal Services with Revenue Sharing                        | This bill provides that <u>municipalities may elect to receive for state-municipal revenue sharing</u> an amount equal to <u>10% of the sales or use tax collected within the municipality</u> instead of the usual distribution formula.<br><br><u>Current municipal revenue sharing distribution formula</u> is based proportionally on a municipality's population multiplied by its property tax burden  | ONTP                                       |  |      |
| 802 | 2073 | 3/30 | 4/6<br>4/19 | Ducharme | An Act to Increase the Maine Exclusion Amount for Estate Tax Exemptions          | This bill <u>raises the Maine estate tax exclusion amount from \$5,600,000 to \$12,000,000</u> beginning with estates of decedents dying on or after January 1, 2023.<br><br><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</u> ( \$12,920,000 in 2023, indexed annual for inflation through 2026 then reverts to \$5,000,000?).<br><br><u>Maine's exclusion amount is also indexed annually and for deaths in 2023 is \$6,410,000.</u><br><br>See 4/19 email from MRS (Sean Norton) for "exclusion amount" calculations<br><br>MRS indicates need for technical amendment regarding inflation terminology. | 4/6<br>Tabled<br><br>4/19<br>ONTP/<br>OTPA | MRS estimates<br><br>Admin cost: Nominal/absorbed<br><br>Revenue loss (annual) \$9 million |      |



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|-----|------|------|-----|---------|--|---|---------------------|----------------------------|------|
|     |      |      |     |         |  |   |                     | FY24                       | FY25 |
| 803 | 1817 |      |     | Perry J | An Act Regarding Taxation  | This bill is a <u>concept draft</u> pursuant to Joint Rule 208. This bill would <u>make changes to the laws governing taxation.</u>   |                     |                            |      |
| 805 | 1935 | 3/16 | 4/5 | Perry J | An Act to Provide That a Licensed Motor Vehicle Dealer May Claim a Credit for Sales Tax on the Purchase and Installation of Equipment to Be Used for the Charging of Electric Vehicles | This bill provides that a <u>licensed motor vehicle dealer</u> may claim a <u>credit for sales tax</u> if the dealer has paid the sales tax <u>on the purchase and installation of equipment to be used for the charging of electric vehicles.</u><br><br>MRS administrative concerns:<br><ol style="list-style-type: none"> <li>1. Need to clarify whether credit includes purchase for installation at both dealer's location and customer's residence.</li> <li>2. "Equipment used for the charging of electric vehicles" is not defined and needs clarification</li> <li>3. Bill needs to specify time when credit may be claimed (filing period when equipment purchased or filing period when equipment is installed).</li> </ol> | ONTP                |                            |      |
| 835 | 1612 | 3/23 | 4/5 | Boyer   | An Act to Phase Out the Income Tax   | This bill<br><ol style="list-style-type: none"> <li>1. phases out the income tax over 5 years beginning in 2024 and</li> <li>2. requires that each state department budget be reduced proportionally to achieve a balanced budget.</li> </ol>   | 10 ONTP/<br>3 OTPA  |                            |      |
| 843 | 608  | 3/23 | 4/5 | Osher   | An Act to Improve Income Tax Progressivity by Establishing a New Top Individual Income Tax Rate  | This bill establishes an <u>additional income tax bracket</u> with a <u>tax rate of 11.15%</u> for taxable income exceeding:<br><ol style="list-style-type: none"> <li>1. \$125,000 for single individuals and married persons filing separately,</li> <li>2. \$150,000 for heads of households and</li> <li>3. 250,000 for married persons filing jointly and surviving spouses.</li> </ol>  | ONTP                |                            |      |
| 849 | 1783 | 4/18 | 5/4 | Terry   | An Act to Implement the Recommendations of the Working Group to Review the   | This bill implements the recommendations of the Working Group To Review the Process for Ongoing   | 5/4<br>Not taken up |                            |      |

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|    |    |    |    |         |   |  |             | FY24                       | FY25 |
|    |    |    |    |         | Process for Ongoing Review of Tax Expenditures by the Legislature | <p>Review of Tax Expenditures by the Legislature established in 2021.<br/>It is identical to LD 2009 submitted by Sen. Chipman in the Second Regular Session of the 130<sup>th</sup> Legislature which died at the end of session on the Appropriations Table</p> <p><u>The bill:</u></p> <ol style="list-style-type: none"> <li>1. Beginning with the 132<sup>nd</sup> Legislature, <u>changes the membership of the GOC</u> by requiring that the membership of that committee <u>must include</u> <ol style="list-style-type: none"> <li>a. at least 2 members who are members TAX and</li> <li>b. at least one member who is a member IDEAB</li> </ol> </li> <li>For the <u>purpose of improving communications among those committees regarding tax expenditure review</u> activities;</li> <li>2. <u>Authorizes TAX to meet throughout the year as determined to be necessary by the chairs to perform tax expenditure review functions;</u></li> <li>3. Changes the process for expedited review of tax expenditures by repealing requirements that the information be provided to TAX by OPEGA and by expanding the information required to be reported by the MRS (red book) to facilitate review by TAX;</li> <li>4. <u>Prioritizes full review of business incentive tax expenditures over tax expenditures directed primarily toward individual tax relief;</u></li> <li>5. <u>Requires that the schedule for review of full review tax expenditures take into consideration any statutory expiration dates;</u></li> <li>6. <u>Establishes a procedure for review of current statutes containing full review tax expenditures to identify and address the need for statutory</u></li> </ol> |             |                            |      |

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|     |      |      |    |         |   |   |             | FY24                       | FY25 |
|     |      |      |    |         |   | <p><u>changes to improve the ability to analyze and evaluate those provisions;</u></p> <p>7. <u>Establishes a procedure for review by TAX of legislation under consideration that would enact a full review tax expenditure. The review is for the purposes of identifying and recommending provisions to facilitate tax expenditure review;</u></p> <p>8. <u>Establishes a process for TAX to request 2 limited analysis projects per year to be completed by OPEGA for the purpose of assisting consideration of legislation before the committee; and</u></p> <p>9. <u>Directs OPEGA and the Office of Fiscal and Program Review OFPR to assess and report to the Legislative Council regarding the need for additional staff to perform the additional functions contained in the bill.</u></p> <p>Letter from GOC chairs (5/3/23) supports bill but recommends changes in the recommendation regarding additional membership requirements</p> <p>MRS has technical and substantive issues.</p> |             |                            |      |
| 854 | 2197 | 5/11 |    | Sayre   | An Act to Fund the Protection and Restoration of Riparian and Estuarine Ecosystems and to Impose an Excise Tax on Certain Bottled Water Operators | <p>This bill creates an <u>excise tax of 5¢ per gallon on bottled water operator that extracted more than 1,500,000 gallons of groundwater or surface water for commercial bottling for sale in the previous calendar year.</u></p> <p><u>Revenue from the excise tax is allocated to the Land for Maine’s Future Fund to acquire, restore or protect riparian or estuarine lands in the State that are essential to protecting aquifers, surface waters or intertidal waters on which human and natural communities depend.</u></p>  |             |                            |      |
| 916 | 2374 |      |    | O’Neil  | An Act to Establish a Windfall Profits Tax on Electric Utilities  | <p>This bill is a concept draft pursuant to Joint Rule 208.</p> <p>This bill proposes to establish a windfall profits tax on</p>  |             |                            |      |

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|      |      |      |                     |            |  |  |  | FY24                       | FY25 |
|      |      |      |                     |            | to Assist with Residential Heating Costs                             | electric utilities and dedicate the revenue from this tax to a fund to provide assistance with heating costs to the residents of this State.   |  |                            |      |
| 971  | 855  | 3/23 | 4/5                 | Carmichael | An Act to Establish the Income Tax Relief Fund for Maine Residents   | This bill <ol style="list-style-type: none"> <li>1. <u>establishes the Income Tax Relief Fund for Maine Residents</u></li> <li>2. <u>for the purpose of reducing individual income tax rates.</u></li> <li>3. <u>The fund receives a transfer at the close of each fiscal year of the amount by which GF revenue for that fiscal year exceeds GF revenue for the preceding fiscal year adjusted by the growth limitation factor.</u></li> <li>4. <u>STA uses amount in Fund to reduce bracket rates</u></li> </ol> | tabled   |                            |      |
| 984  | 1846 | 3/28 | 4/6<br>4/11<br>4/27 | Chipman    | An Act to Expand Access to the Homestead Property Tax Exemption      | This bill provides that property <u>is eligible for the homestead property tax exemption</u> if the property is: <ol style="list-style-type: none"> <li>1. <u>owned by a limited liability company and</u></li> <li>2. <u>occupied as a permanent residence by a member of the limited liability company.</u></li> </ol>   | 4/6 not taken up<br>4/11 not taken up<br>4/27 Not taken up |                            |      |
| 996  | 2326 |      |                     | Gramlich   | An Act to Allow a Municipality to Establish a Local Option Sales Tax | This bill allows a municipality to impose a seasonal or year-round local option sales tax on the sale of any goods or services allowed to be taxed at the statewide level by vote of the legislative body of the municipality or by municipal referendum.  |  |                            |      |
| 1010 | 370  |      |                     | Terry      | An Act to Provide Tax Relief for Working Families                    | This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to provide tax relief to working families by reforming the imposition of the service provider tax, especially on nonprofit organizations, schools, religious institutions and hospitals, and by adjusting the income tax brackets to make them fairer.   |  |                            |      |
| 1027 | 762  |      |                     | Perkins    | An Act to Prohibit Local Sales Taxes                                 | This bill prohibits a municipality from imposing a local sales tax.  |  |                            |      |

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|      |     |      |                    |          |   |  |  | FY24   | FY25 |
| 1051 | 426 | 3/28 | 4/6                | Brakey   | An Act to Protect Maine People from Inflation by Exempting Gold and Silver Coins and Bullion from the State Sales and Use Tax | This bill provides a <u>sales and use tax exemption</u> for sales of <u>gold and silver coins and bullion</u> .  | 8 OTPA/<br>3 ONTP  |  |      |
| 1060 | 132 | 3/30 | 4/6<br>4/19<br>5/4 | 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> <p>4/19 tabled for sponsor to work on amendment</p> | 4/6 not taken up<br><br>4/19 Tabled<br><br>ONTP/<br>OTPA fno | MRS estimate<br><br>Revenue loss to State (annual)<br>\$100 million                                  |      |
| 1063 | 242 | 3/30 | 4/6<br>4/12        | Pierce   | An Act to Provide Equitable Tax Treatment to State-licensed Cannabis Businesses   | <p>This bill, for taxable years beginning on or after January 1, 2023, <u>adds manufacturing facilities, cannabis establishments and testing facilities to the list of cannabis businesses licensed by the State that are eligible to take deductions under the state income tax laws.</u></p> <p><u>Current law allows deduction of business expenses of registered caregivers and registered dispensaries,</u></p> <p>MRS indicates needs for technical changes</p>  | 4/6tabled<br><br>4/12 OTPA/<br>ONTP                          | MRS estimated impact<br><br>Revenue loss: \$1,000,000 per year<br>Admin costs: \$249,000 audit staff |      |
| 1075 | 800 | 4/13 | 4/20               | Daughtry | An Act to Promote Economic Growth Through Increased Film Incentives   | This bill makes <u>multiple changes to the tax credits available to visual media production companies operating in the State.</u> The bill:  | tabled   |  |      |

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|------|-----|------|------|----------|---|--|-------------|----------------------------|------|
|      |     |      |      |          |   |  |             | FY24                       | FY25 |
|      |     |      |      |          |   | <ol style="list-style-type: none"> <li>1. makes the <u>available tax credits refundable and transferable,</u></li> <li>2. <u>increases the credits for certain expenses incurred in Maine and for hiring residents of Maine and</u></li> <li>3. <u>offers additional credits for visual media productions that are located in certain Maine counties, are set in Maine or have a lead cast member, writer or director who is a Maine resident.</u></li> <li>4. <u>reduces the total expenditures needed to qualify for the credits,</u></li> <li>5. <u>extends the time period for visual media production companies to certify with the DECD and</u></li> <li>6. <u>sets a \$500,000 limit on the total value of the tax credits that increases to \$1,000,000 after January 1, 2027.</u></li> </ol> <p>The <u>bill makes other changes necessary for these provisions.</u></p> |             |                            |      |
| 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><br/> <b>36 MRSA, §1752.1-B. "Automobile.</b> "Automobile" means a self-propelled <u>4-wheel motor vehicle</u> 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."<br/><br/> <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 <u>Title 12, section 13001.</u></p>  | ONTP        |                            |      |

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|------|------|------|------|----------|---|---|--------------------------|---|------|
|      |      |      |      |          |   |   |                          | FY24  | FY25 |
|      |      |      |      |          |   | “Maker’s list price” is defined in MV excise tax chapter but <u>not defined for sales tax.</u>  |                          |   |      |
| 1135 | 1506 | 4/18 | 4/25 | Boyle    | An Act to Ensure that Carbon Credits Can Be Sold on Forest Land Enrolled in the Maine Tree Growth Tax Law | <p>This bill is a concept draft pursuant to Joint Rule 208. This bill would allow a person that owns wooded property enrolled in the Maine Tree Growth Tax Law to sell carbon credits for that property and stay enrolled in the Maine Tree Growth Tax Law as long as timber harvesting was not prohibited under the carbon credit agreement.</p> <p>Sponsor presented language at the PH for an amendment which would <u>turn the bill into a Resolve to direct the Maine Forest Service and Maine Revenue Services to work together to provide joint guidance regarding the impact of the sale of carbon on the classification of land under the Tree Growth Tax Law.</u></p> | ONTP<br>Letter to<br>MRS |   |      |
| 1147 | 427  | 4/13 | 4/20 | Brakey   | An Act to Exempt Gold and Silver Coins and Bullion from the State Income Tax                              | <p><b>Current law:</b><br/>Maine does not have a “capital gains tax.” Income from sales or transfers of gold, silver, bullion that are taxable on the federal level are taxed in the same manner as ordinary income in Maine.</p> <p><b>This bill:</b> <u>exempts (subtraction modification) from Maine income tax capital gains and ordinary income resulting from the sale or transfer of gold or silver coins or bullion.</u></p> <p>MRS has technical concerns</p>  | ONTP                     | <p>MRS estimates</p> <p>Admin costs:    FY 24 \$115,918<br/>                          FY 25 \$123,845</p> <p>Revenue loss    Not available at this time</p> |      |
| 1153 | 1513 | 4/5  | 4/12 | Woodsome | An Act to Allow Municipalities to Tax Personal Solar Energy Equipment Under 5 Megawatts                   | <p><b>Current law</b> provides a <u>property tax exemption for solar and wind energy equipment that generates heat or electricity IF:</u></p> <ol style="list-style-type: none"> <li>1. all of the <u>energy is used on the site</u> where the property is located, <u>or</u></li> <li>2. the energy is <u>transmitted through the facilities of a transmission and distribution utility, and a utility customer or customers receive a utility bill credit for the energy generated by the equipment.</u></li> </ol>   | tabled                   |   |      |

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|------|-------|------|-----|---------|---|--|-------------|----------------------------|------|----|---|------|---|------|---|----|---|-----|----|---|------|-------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|----|------|--|--|
|      |       |      |     |         |   |  |             | FY24                       | FY25 |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
|      |       |      |     |         |   | <u>This bill removes wind energy equipment from the exemption.</u>   |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 1168 | 2067  | 4/26 | 5/2 | Perry   | An Act to Adjust Motor Vehicle Excise Tax Rates | <p>This bill changes the excise tax on motor vehicles and camper trailers from</p> <p><b>Current law:</b> a 6-year phase-down of the tax from 24 mills on the maker's list price in first model year to 4 mills in 6<sup>th</sup> and subsequent years</p> <table> <thead> <tr> <th>Year</th> <th>Mills</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>24</td> </tr> <tr> <td>2</td> <td>17.5</td> </tr> <tr> <td>3</td> <td>13.5</td> </tr> <tr> <td>4</td> <td>10</td> </tr> <tr> <td>5</td> <td>6.5</td> </tr> <tr> <td>6+</td> <td>4</td> </tr> </tbody> </table> <p><b>Bill:</b> a 10-year phase-down of the tax from 35 mills on the vehicles maker's list price reduced by \$15,000 in first year to 10 mills in 10<sup>th</sup> and subsequent years.</p> <table> <thead> <tr> <th>Year</th> <th>Mills</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>35</td> </tr> <tr> <td>2.</td> <td>33</td> </tr> <tr> <td>3.</td> <td>31</td> </tr> <tr> <td>4.</td> <td>28</td> </tr> <tr> <td>5.</td> <td>25</td> </tr> <tr> <td>6.</td> <td>22</td> </tr> <tr> <td>7.</td> <td>19</td> </tr> <tr> <td>8.</td> <td>16</td> </tr> <tr> <td>9.</td> <td>13</td> </tr> <tr> <td>10+</td> <td>10</td> </tr> </tbody> </table> <p>Maine Revenue Service has concerns</p> | Year        | Mills                      | 1    | 24 | 2 | 17.5 | 3 | 13.5 | 4 | 10 | 5 | 6.5 | 6+ | 4 | Year | Mills | 1. | 35 | 2. | 33 | 3. | 31 | 4. | 28 | 5. | 25 | 6. | 22 | 7. | 19 | 8. | 16 | 9. | 13 | 10+ | 10 | ONTP |  |  |
| Year | Mills |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 1    | 24    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 2    | 17.5  |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 3    | 13.5  |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 4    | 10    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 5    | 6.5   |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 6+   | 4     |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| Year | Mills |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 1.   | 35    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 2.   | 33    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 3.   | 31    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 4.   | 28    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 5.   | 25    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 6.   | 22    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 7.   | 19    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 8.   | 16    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 9.   | 13    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |
| 10+  | 10    |      |     |         |   |  |             |                            |      |    |   |      |   |      |   |    |   |     |    |   |      |       |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |    |      |  |  |



| LD   | LR   | PH   | WS   | SPONSOR   | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
|------|------|------|------|-----------|---|---|-------------|----------------------------|------|
|      |      |      |      |           |   |   |             | FY24                       | FY25 |
| 1176 | 1501 | 4/18 | 4/25 | Adams     | An Act to Create Municipal Cannabis Revenue Sharing                                   | <p><b>Current law:</b><br/>Provides that the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund may be spent by DHHS to provide up to \$20,000 reimbursement to municipalities for “qualifying expenses” incurred as a result of the municipality setting up operation of adult use cannabis establishments in the municipality.</p> <p>This bill:<br/>Replaces conditions in current law and instead directs that 20% of the money credited to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund be distributed equally to all municipalities that opted to permit some or all adult use cannabis establishments.<br/>It requires reimbursement to be distributed “equally” to municipalities opting to permit adult use cannabis establishments.</p> | ONTP        |                            |      |
| 1182 | 1414 | 4/18 | 4/25 | Salisbury | An Act to Make Revisions to the Tax Increment Financing and Development District Laws | <p>This bill amends the laws governing tax increment financing by</p> <ol style="list-style-type: none"> <li>1. removing the requirement that DACF and the DoT review proposals for the designation of downtown tax increment financing districts.</li> <li>2. The bill also clarifies the standard for a TIF development district to be considered as “suitable for commercial or arts district uses.”</li> </ol>  | OTP<br>Fn?  |                            |      |
| 1184 | 312  | 4/26 | 5/4  | Jackson   | An Act to Exempt Certain Prescribed Home Medical Supplies from Sales Tax              | <p><b>Current law:</b><br/><u>STE for prosthetic and orthotic devices prescribed by health care practitioner; crutches and wheel chairs for sick, injured or disabled persons.</u></p> <p><b>This bill</b> provides a <u>sales tax exemption for medical equipment and supplies prescribed by a health care provider for medical purposes when payment is made by an insurance company or Medicare/Medicaid.</u></p>  | tabled      |                            |      |

| LD                    | LR    | PH   | WS   | SPONSOR   | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION         | FISCAL IMPACT <sup>1</sup> |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
|-----------------------|-------|------|------|-----------|---|---|---------------------|----------------------------|----------------------|-------|-------------------|-------|-----------------|------|----------------------|-------|-------------------|-------|-----------------|------|-----------------------|-------|--------------------|-------|--|--|--|
|                       |       |      |      |           |   |   |                     | FY24                       | FY25                 |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| 1202                  | 2011  | 4/5  | 4/12 | Theriault | An Act to Increase the Homestead Exemption to \$50,000                                    | <p><b>Current law:</b> Homestead exemption is \$25,000. State reimbursement to municipalities is 76% for 4/1/23 property tax years, <u>increasing by 3% each subsequent year</u> until it reaches 100%.</p> <p><b>This bill</b></p> <ol style="list-style-type: none"> <li><u>increases the homestead property tax exemption from \$25,000 to \$50,000</u> for property tax years beginning on or after <u>April 1, 2024</u>.</li> <li><u>changes the rate of state reimbursement to 85%</u> for property tax years beginning 4/1/24 and each subsequent year.</li> </ol>   | ONTP                |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| 1212                  | 1389  | 4/11 | 5/4  | Baldacci  | Resolve, to Study the Economic Effects of Instituting a Seasonal Sales Tax                | <p>This resolve requires MRS to conduct a <u>study on the effects of a seasonal sales tax</u> including</p> <ol style="list-style-type: none"> <li>Revenue impact</li> <li>Effect on economy</li> <li>Investigate other states with seasonal tax</li> <li>Submit <u>report to the Legislature</u> by 12/6/23</li> </ol> <p><u>MRS suggests study should be done by DAFS or OTP rather than MRS and has other concerns.</u></p>  | 5/4<br>Not taken up |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| 1213                  | 606   | 4/11 |      | Baldacci  | An Act to Reform Income Taxes by Reducing Tax Rates for Each of the 3 Income Tax Brackets | <p>Current tax brackets 2023TYs:</p> <p><u>Single; married separate returns:</u></p> <table> <tr> <td>\$0 to \$23,000</td> <td>5.5%</td> </tr> <tr> <td>\$23,000 to \$54,450</td> <td>6.75%</td> </tr> <tr> <td>\$54,450 and over</td> <td>7.15%</td> </tr> </table> <p><u>Heads of household:</u></p> <table> <tr> <td>\$0 to \$34,500</td> <td>5.5%</td> </tr> <tr> <td>\$34,500 to \$81,700</td> <td>6.75%</td> </tr> <tr> <td>\$81,700 and over</td> <td>7.15%</td> </tr> </table> <p><u>Married joint; surviving spouse:</u></p> <table> <tr> <td>\$0 to \$46,000</td> <td>5.5%</td> </tr> <tr> <td>\$46,000 to \$108,900</td> <td>6.75%</td> </tr> <tr> <td>\$108,900 and over</td> <td>7.15%</td> </tr> </table> | \$0 to \$23,000     | 5.5%                       | \$23,000 to \$54,450 | 6.75% | \$54,450 and over | 7.15% | \$0 to \$34,500 | 5.5% | \$34,500 to \$81,700 | 6.75% | \$81,700 and over | 7.15% | \$0 to \$46,000 | 5.5% | \$46,000 to \$108,900 | 6.75% | \$108,900 and over | 7.15% |  |  |  |
| \$0 to \$23,000       | 5.5%  |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$23,000 to \$54,450  | 6.75% |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$54,450 and over     | 7.15% |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$0 to \$34,500       | 5.5%  |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$34,500 to \$81,700  | 6.75% |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$81,700 and over     | 7.15% |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$0 to \$46,000       | 5.5%  |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$46,000 to \$108,900 | 6.75% |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |
| \$108,900 and over    | 7.15% |      |      |           |   |   |                     |                            |                      |       |                   |       |                 |      |                      |       |                   |       |                 |      |                       |       |                    |       |  |  |  |

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|------|-----|------|-----|---------|---|---|---------------------|--|------|
|      |     |      |     |         |   |   |                     | FY24   | FY25 |
|      |     |      |     |         |   | <p><u>This bill tax brackets 2023TYs:</u></p> <p><u>Single; married separate returns:</u><br/>           \$0 to \$23,000            2.9%<br/>           \$23,000 to \$54,450      5%<br/>           \$54,450 to \$80,000      7%<br/>           \$80,000 and over        7.15%</p> <p><u>Heads of household:</u><br/>           \$0 to \$34,500            2.9%<br/>           \$34,500 to \$81,700      5%<br/>           \$81,700 to \$120,000    7%<br/>           \$120,000 and over       7.15%</p> <p><u>Married joint; surviving spouse:</u><br/>           \$0 to \$46,000            2.9%<br/>           \$46,000 to \$108,900    6.75%<br/>           \$108,900 to \$160,000   7%<br/>           \$160,000 and over      7.15%</p> <p><b>SPONSOR AMENDMENT 4/7:</b><br/>           Taxpayers in following categories pay 3% on total taxable income:<br/>           Single                            up to \$45,000<br/>           Heads of Household        up to \$69,000<br/>           Married joint                   up to \$90,000</p> <p>Taxpayers with higher taxable income would pay according to current rates and brackets.</p> |                     |  |      |
| 1222 | 784 | 4/11 | 5/2 | Stewart | An Act to Expand Child Care Services Through an Employer-supported Tax Credit | <p>This bill repeals the section of law governing the former employer-assisted day care income tax credit, which by its own terms, since 2015 has not applied to tax years beginning on or after January 1, 2016.</p> <p>The bill <u>creates a new refundable tax credit for an employer that pays or provides in-kind resources to</u></p>   | 5/2<br>Not taken up | <p>MRS estimates</p> <p>Admin costs                    \$33,000<br/>One time</p> <p>Revenue loss (annual)      \$5,000,000</p> |      |

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|------|------|------|------|------------|--|---|-------------|----------------------------|------|
|      |      |      |      |            |  |   |             | FY24                       | FY25 |
|      |      |      |      |            |  | <p>build or subsidize child care for the children of its employees.</p> <p>The amount of the annual credit is the lesser of:</p> <ol style="list-style-type: none"> <li>50% of the amount expended by the employer or</li> <li>\$3,000 per child</li> </ol> <p>MRS has technical concerns</p>   |             |                            |      |
| 1225 | 2275 | 4/11 | 4/27 | O'Neil     | An Act to Protect Housing by Increasing the Property Tax Fairness Credit                 | <p>For income tax years beginning on or after January 1, 2023, this bill <u>increases the maximum property tax fairness credit</u> from</p> <ol style="list-style-type: none"> <li><u>\$1,000 to \$1,500 for residents under 65 years of age and</u></li> <li><u>\$1,500 to \$2,000 for residents 65 years of age or older.</u></li> </ol>  | ONTP        |                            |      |
| 1231 | 1161 | 5/3  |      | Carmichael | An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets | <p>CONCEPT DRAFT:</p> <p>This bill is a concept draft pursuant to Joint Rule 208. This bill would <u>change the income tax brackets</u> for imposition of the individual Maine income tax but <u>retain the same tax rates.</u></p>   |             |                            |      |
| 1258 | 1789 | 4/5  | 4/12 | Terry      | An Act to Increase the Personal Property Tax Exemption for Farm Machinery                | <p><b>Current law</b> provides a <u>property tax exemption</u> for all <u>farm machinery</u> used exclusively in production of hay and field crops to an aggregate actual market values of <u>\$10,000</u>, excluding motor vehicles.</p> <p><b>This bill</b> increases the <u>property tax exemption</u> for farm machinery <u>to an aggregate value of \$45,000 beginning 4/1/24.</u></p> <p>It <u>requires the State to reimburse municipalities for 100% of property taxes lost as a result of the increase in the exemption and provides administrative provisions</u> for MRS to enforce the exemption and reimbursement.</p> | OTPA        |                            |      |

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|------|------|------|------|---------|---|---|-------------|---|------|
|      |      |      |      |         |   |   |             | FY24  | FY25 |
| 1268 | 232  | 5/11 |      | Doudera | An Act to Provide for a Local Motor Vehicle Excise Tax Exemption for Qualifying Volunteer Firefighters and Emergency Medical Services Persons | This bill <u>allows a municipality to provide an exemption from annual excise tax for one vehicle owned, separately or jointly, by:</u> <ol style="list-style-type: none"> <li>1. a <u>resident of that municipality</u></li> <li>2. who is a <u>volunteer firefighter or volunteer EMS person,</u></li> <li>3. Who has actively served during the previous 12 months</li> <li>4. as long as that <u>vehicle is used to perform those volunteer services.</u></li> <li>5. <u>Municipality made impose additional conditions.</u></li> </ol>   |             |   |      |
| 1276 | 1824 | 4/13 | 4/25 | Reny    | An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses                | This bill does the following to support employee-owned businesses and cooperatives. <ol style="list-style-type: none"> <li>1. It <u>excludes from Maine income tax</u> the amount of <u>gain, up to a maximum of \$750,000,</u> recognized by a business owner <u>in transferring the business to an employee stock ownership plan, eligible worker-owned cooperative, consumer cooperative, affordable housing cooperative or agriculture producer cooperative.</u></li> <li>2. It <u>excludes from Maine income tax interest from loans that finance transfers of ownership</u> as provide in item 1.</li> <li>3. It <u>requires the DECD, Office of Business Development to contract with a nonprofit development organization with relevant expertise to develop and manage the Maine Employee Ownership Center to provide information and programs to assist businesses in the transition to employee or cooperative ownership.</u></li> <li>4. It <u>specifies performance measures</u> for OPEGA/GOC tax expenditure review process.</li> </ol> <p>Maine Revenue Services has technical concerns</p> | tabled      | Maine Revenue Services Estimates<br><br>Admin costs: \$77,000 (one-time computer programming)<br><br>Revenue loss(annual)<br>\$400,000 to \$500,000 |      |

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|------|------|------|---------------------|-------------|---|---|--|----------------------------|------|
|      |      |      |                     |             |   |   |  | FY24                       | FY25 |
| 1298 | 2113 |      |                     | Skold       | An Act to Allow a Local Option Sales Tax on Short-term Lodging to Fund Affordable Housing   | This bill allows a municipality to impose a local option sales tax of 1% on short-term lodging that is subject to the state sales and use tax if approved by referendum of the voters in that municipality. The revenue from the local option sales tax must be distributed to the municipality imposing the local option sales tax. The distributed revenue must be used in municipal programs that support affordable housing development in that municipality, including rental assistance for lower income households or moderate income households. Revenue received by a municipality may not be used to reduce or eliminate funding otherwise due the municipality under other provisions of law. The local option sales tax may not take effect before July 1, 2024.  |  |                            |      |
| 1303 | 1884 | 4/11 | 4/19<br>5/2<br>5/10 | 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><br/>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></p> <p><b>Current law specifically excludes motor vehicles (including ATVs) and trailers.</b></p> <p><b>This bill</b> provides a sales tax exemption for sales to a qualified purchaser of:</p> <ol style="list-style-type: none"> <li>boats and all-terrain vehicles <b>used directly and exclusively in commercial fishing or commercial agricultural production.</b></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</u></li> </ol> | 4/19<br>Tabled<br><br>5/2<br>Tabled<br><br>5/10/2023<br>OTPA |                            |      |

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|------|------|------|-------------|----------|--|--|----------------|----------------------------|------|
|      |      |      |             |          |  |  |                | FY24                       | FY25 |
|      |      |      |             |          |  | <p><u>that the purchaser is engaged in commercial fishing or commercial agricultural production.</u></p> <p>3. 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></p> <p><u>MRS concerned about overlaps and inconsistencies between current law and the bill.</u></p> <p><u>MRS suggested amendment to current law exclusion of motor vehicles from definition of “depreciable machinery and equipment” to provide that ATVs are not excluded.</u></p> <p>4/19<br/>Tabled for group to work on amendment<br/>Discussion of using term “universal vehicle: instead of ATV.</p> <p><u>MRS suggestion of definition of “universal vehicle” as “a self-propelled vehicle designed with a bed, principally for the purpose of transporting material or cargo in connection with construction, agricultural, forestry, grounds maintenance, lawn and garden, materials handling or similar activities. The vehicle has an attainable speed in one mile on a paved level surface of more than twenty miles per hour but not more than 25 miles per hour. A utility vehicle does not include an ATV.”</u></p> |                |                            |      |
| 1308 | 2460 | 4/18 | 5/2         | Perry    | An Act to Establish Municipal Cost Components for Unorganized Territory Services to Be Rendered in Fiscal Year 2023-24 | This bill establishes municipal cost components for state and county services provided to the unorganized territory that would normally be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.  | OTPA<br>fno    |                            |      |
| 1313 | 424  | 4/13 | 4/20<br>5/2 | Grohoski | An Act to Amend the Tax Credit for Major Business Headquarters   | <b>This bill is submitted by DECD</b>  | 4/20<br>Tabled |                            |      |

| LD | LR | PH | WS | SPONSOR | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION            | FISCAL IMPACT <sup>1</sup> |      |
|----|----|----|----|---------|--|---|------------------------|----------------------------|------|
|    |    |    |    |         |  |   |                        | FY24                       | FY25 |
|    |    |    |    |         | Expansions Regarding Employees' Location and Time of Hire for Purposes of the Credit | <p><b>Current law:</b> requires that for a business to receive the credit for "major business headquarters expansion" the <u>business must, for the first 10 years for which the credit is claimed, have at least 80 additional full-time employees for each year for which the credit has been claimed over the number of employees on the first day of the tax year for which the credit is claimed.</u></p> <p><b>This bill (retroactive to 1/1/21):</b></p> <ol style="list-style-type: none"> <li>1. <u>allows employees working anywhere in the State, not just at the applicant's headquarters, to be counted as employees for purposes of the credit and</u></li> <li>2. <u>changes the time for determining the number of new employees added on or after January 1, 2018; rather than the first day of the first year for which the tax credit is claimed.</u></li> </ol> <p><u>The changes made in this bill are retroactive to January 1, 2021.</u></p> <p>DECD testified in favor of bill.</p> <p>MRS did not present testimony.</p> | 5/2<br>OTPFno/<br>ONTP |                            |      |



| LD   | LR   | PH   | WS   | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION       | FISCAL IMPACT <sup>1</sup> |      |
|------|------|------|------|---------|---|---|-------------------|----------------------------|------|
|      |      |      |      |         |   |   |                   | FY24                       | FY25 |
| 1328 | 2271 | 5/11 |      | Andrews | An Act to Fund a Public Defender's Office Through a Tax on University Endowment Income                  | <p>This bill:</p> <ol style="list-style-type: none"> <li><u>Directs the Maine Commission on Indigent Legal Services to develop and maintain a public defender's office.</u></li> <li><u>It establishes an endowment tax at a rate of 3% on funds held for investment by the trustees of a public or private college or university that were generated by trusts created and established by private donors for the benefit of the university or college.</u></li> <li><u>It establishes the Public Defender's Office Fund within the Maine Commission on Indigent Legal Services and provides that money received from the endowment tax must be transferred to that fund until the balance of the fund is \$35,000,000. It provides that any money collected in excess of \$35,000,000 must be transferred to the Maine Civil Legal Services Fund.</u></li> </ol> |                   |                            |      |
| 1335 | 1376 | 4/12 | 4/27 | Boyer   | An Act to Amend the Property Tax Stabilization for Senior Citizens Law                                  | <p>This bill;</p> <ol style="list-style-type: none"> <li><u>provides that eligible individuals who are married to each other may not receive property tax stabilization for more than one homestead,</u></li> <li><u>allows homesteads held in trust to qualify for stabilization and</u></li> <li><u>requires each application after the application upon which the stabilization was originally based to contain information indicating any additions or improvements that have been made to the eligible homestead since the previous application.</u></li> </ol>  | tabled            |                            |      |
| 1337 | 1529 | 4/13 | 4/20 | Matlack | An Act to Require a Corporation That Files a Tax Return in the State to File a Tax Disclosure Statement | This bill requires a corporation that files a tax return with the State to file a tax disclosure statement with the Department of Administrative and Financial Services, Bureau of Revenue Services. It requires the bureau to adopt major substantive rules for the procedures to provide public access to the tax disclosure statements at  | 4/20 not taken up |                            |      |

| LD   | LR   | PH | WS | SPONSOR  | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
|------|------|----|----|----------|--|---|-------------|----------------------------|------|
|      |      |    |    |          |  |   |             | FY24                       | FY25 |
|      |      |    |    |          |  | least 3 calendar years following the tax year of the filing and to adopt major substantive rules for oversight and penalties for failing to file or filing an inaccurate tax disclosure statement. It permits a corporation that files a tax disclosure statement to submit supplemental information that could facilitate proper interpretation of the information included in the tax disclosure statement. It requires a corporation that files an amended tax return or with a tax liability that is changed as the result of an uncontested audit adjustment or final determination by the bureau, the Maine Board of Tax Appeals or Superior Court to file a revised tax disclosure statement within 60 calendar days of filing the amended return or the final determination. It requires the bureau to make the tax disclosure statement available to the public on an ongoing basis in the form of a searchable database accessible through the Internet. It requires the chief operating officer of a corporation to attest in writing to the accuracy of the tax disclosure statement. It requires the bureau to audit a corporation's tax disclosure. It requires the bureau to publish the name of and penalty imposed upon a corporation subject to a penalty for failing to file or filing an inaccurate tax disclosure statement. |             |                            |      |
| 1338 | 1962 |    |    | Collings | An Act to Amend the Maine Exclusion Amount in the Estate Tax | <p>This bill returns the exclusion amount, below which the Maine estate tax does not apply, to \$2,000,000 from the \$5,600,000 in current law for estates of decedents dying on or after January 1, 2024.</p> <p>The Treasurer of State must credit <u>100% of the revenues generated</u> by the reduction in the exclusion amount to the Maine State Housing Authority <u>to be used to support affordable housing</u>. <u>Twenty-five percent</u> of the amount credited to MeSHA must be used to support <u>affordable housing for veterans</u>.</p> <p>The bill also creates an <u>additional exclusion amount</u> from the estate tax <u>for family farms and aquaculture, fishing and wood harvesting businesses of up to</u></p>  |             |                            |      |

| LD   | LR   | PH   | WS          | SPONSOR  | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION                               | FISCAL IMPACT <sup>1</sup>   |      |
|------|------|------|-------------|----------|--|--|---|--|------|
|      |      |      |             |          |  |  |   | FY24   | FY25 |
|      |      |      |             |          |  | \$3,800,000. This additional exclusion applies to farmland or depreciable machinery and equipment used in agriculture, aquaculture, fishing or wood harvesting that is inherited by a family member and remains in commercial use for 5 years following transfer.  |   |  |      |
| 1345 | 812  | 4/12 | 4/27        | Moriarty | An Act to Permit Municipalities to Establish by Ordinance a Program for Partial Deferral of Property Taxes for Seniors | This bill <u>permits municipalities to establish a program</u> by ordinance for seniors that provides for: <ol style="list-style-type: none"> <li><u>partial stabilization of property taxes</u></li> <li><u>accompanied by deferral of the amount of taxes due in excess of the stabilized amount.</u></li> </ol> <p>Residents of a municipality that adopts such a program <u>may not participate in the State's property tax deferral or stabilization programs.</u></p>  | tabled                                    |  |      |
| 1355 | 548  | 4/11 | 4/19<br>5/4 | Riseman  | An Act to Establish a Behavioral Health Employment Income Tax Credit for Student Loan Payments                         | This bill <u>amends the student loan repayment tax credit for behavioral health clinicians to:</u> <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 in an agency licensed by the State to provide mental health or substance use disorder treatment services and</u> <b>Sponsor in PH testimony indicated that this provision was included by mistake and should be stricken (p 2, lines7-10)</b></li> <li><u>be engaged in that employment 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> | 4/19 not taken up<br><br>5/4 not taken up | MRS estimates<br><br>Admin costs: Under consideration<br><br>Revenue loss (annual):<br>Less than \$1 million |      |
| 1380 | 1291 | 4/12 | 4/27        | Baldacci | An Act to Fund Municipal Administrative Costs Associated with the Senior Property Tax Stabilization Program            | This bill requires the State to compensate municipalities for 100% of the cost of administering the senior property tax stabilization program.   | ONTP                                      |  |      |

| LD                        | LR                                  | PH   | WS   | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION     | FISCAL IMPACT <sup>1</sup>          |               |                                    |                           |                              |                        |                |                |                |  |  |  |
|---------------------------|-------------------------------------|------|------|---------|---|--|-----------------|-------------------------------------|---------------|------------------------------------|---------------------------|------------------------------|------------------------|----------------|----------------|----------------|--|--|--|
|                           |                                     |      |      |         |   |  |                 | FY24                                | FY25          |                                    |                           |                              |                        |                |                |                |  |  |  |
| 1381                      | 697                                 | 4/26 | 5/10 | Guerin  | An Act to Create Fairness in Maine's Motor Vehicle Excise Tax by Basing the Tax on the Sale Price                               | <p><b>Current law:</b><br/>Motor vehicle excise tax is <u>generally based upon the maker's list price for the motor vehicle with the exception that the excise tax on certain commercial motor vehicles, buses and special mobile equipment is based on the purchase price.</u><br/><u>State reimburses municipalities for difference between excise tax based on maker's list price and fair market value.</u></p> <p><b>This bill</b> requires that <u>the excise tax for all motor vehicles, special mobile equipment and camper trailers be based upon the purchase price of the vehicle, equipment or trailer.</u></p> <p>The State would be required to <u>reimburse a municipality for the difference in the amount of excise tax that would have been collected by the municipality using the manufacturer's suggested retail price instead of the actual purchase price.</u> This bill applies that requirement to all vehicles registered and taxed by the municipality using the actual purchase price.</p> <p><b><u>MRS identifies "need for clarity" provisions</u></b></p> | ONTP            |                                     |               |                                    |                           |                              |                        |                |                |                |  |  |  |
| 1384                      | 928                                 | 4/26 |      | Chipman | An Act to Promote Fairness in the Taxation of Adult Use Cannabis by Basing the Excise Tax on the Tier of a Cultivation Facility | <p><b>Current law: Adult use cannabis excise tax</b></p> <table border="0"> <tr> <td>Cannabis flower</td> <td>\$335 per pound or fraction thereof</td> </tr> <tr> <td>Cannabis trim</td> <td>\$94 per pound or Fraction thereof</td> </tr> <tr> <td>Immature plants/seedlings</td> <td>\$1.50 per plant or seedling</td> </tr> <tr> <td>Mature cannabis plants</td> <td>\$35 per plant</td> </tr> <tr> <td>Cannabis seeds</td> <td>\$.30 per seed</td> </tr> </table> <p>Beginning July 1, 2024, this <u>bill changes the basis for the calculation of the excise tax on <b>cannabis flower</b> and <b>cannabis trim</b> by establishing rates based on the tier of a cultivation facility licensee.</u></p>   | Cannabis flower | \$335 per pound or fraction thereof | Cannabis trim | \$94 per pound or Fraction thereof | Immature plants/seedlings | \$1.50 per plant or seedling | Mature cannabis plants | \$35 per plant | Cannabis seeds | \$.30 per seed |  |  |  |
| Cannabis flower           | \$335 per pound or fraction thereof |      |      |         |   |  |                 |                                     |               |                                    |                           |                              |                        |                |                |                |  |  |  |
| Cannabis trim             | \$94 per pound or Fraction thereof  |      |      |         |   |  |                 |                                     |               |                                    |                           |                              |                        |                |                |                |  |  |  |
| Immature plants/seedlings | \$1.50 per plant or seedling        |      |      |         |   |  |                 |                                     |               |                                    |                           |                              |                        |                |                |                |  |  |  |
| Mature cannabis plants    | \$35 per plant                      |      |      |         |   |  |                 |                                     |               |                                    |                           |                              |                        |                |                |                |  |  |  |
| Cannabis seeds            | \$.30 per seed                      |      |      |         |   |  |                 |                                     |               |                                    |                           |                              |                        |                |                |                |  |  |  |

| LD   | LR   | PH   | WS   | SPONSOR | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION   | FISCAL IMPACT <sup>1</sup> |      |
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|      |      |      |      |         |  |   |   | FY24                       | FY25 |
| 1386 | 213  | 4/13 | 4/20 | Pouliot | An Act to Require That a Completed Form for the Homestead Property Tax Exemption Be Provided to a Person Purchasing a Home | This bill <u>requires the settlement agent</u> for the conveyance of <u>residential real property</u> to <u>provide the buyer a completed application for the Maine resident homestead property tax exemption</u> . If the buyer signs the application, the <u>settlement agent is required to submit it to the municipal assessor</u> for the residential real property being conveyed.<br><br>MRS has technical concerns  | ONTP with letter to realtors<br><br><b><u>Hold in Committee until 5/5</u></b> |                            |      |
| 1392 | 410  | 4/26 |      | Pierce  | An Act to Change How the Adult Use Cannabis Excise Tax Is Calculated   | Beginning July 1, 2024, this bill <u>changes the basis for the calculation of the excise tax on <b>cannabis products</b> from the weight or quantity of product sold to the fair market value of the product sold</u> . Fair market value would be determined biannually by the Department of Administrative and Financial Services.  |   |                            |      |
| 1405 | 1636 | 4/26 |      | Boyer   | An Act to Change How Adult Use Cannabis Excise Tax Is Calculated   | Beginning January 1, 2024, this bill changes the basis for the calculation of the adult use cannabis excise tax on <b>cannabis flower</b> <u>from the weight of product sold to the average market rate of cannabis flower sold</u> . The average market rate would be determined annually by the Department of Administrative and Financial Services.<br><br>The bill <u>also decreases the excise tax on <b>cannabis trim</b> from \$94 per pound to \$25 per pound</u> . |   |                            |      |
| 1413 | 404  | 4/12 | 4/27 | Russell | An Act to Amend the Laws Establishing a Property Tax Stabilization Program for Senior Citizens                             | This bill:<br>1. <u>establishes an income eligibility requirement</u> for the senior property tax stabilization program and provides for annual indexing of the income thresholds.<br>2. <u>requires certification of eligibility by the State Tax Assessor and</u>   | ONTP  |                            |      |

| LD   | LR   | PH   | WS   | SPONSOR     | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION | FISCAL IMPACT <sup>1</sup>  |      |
|------|------|------|------|-------------|--|--|-------------|---|------|
|      |      |      |      |             |  |  |             | FY24  | FY25 |
|      |      |      |      |             |  | 3. <u>repeals the provision in current law that eligibility for the program may be transferred to a different municipality if an eligible individual changes homesteads.</u>   |             |   |      |
| 1434 | 1546 | 5/3  |      | Libby       | An Act to Abolish the Maine Income Tax and Establish a Zerobased Budget              | <p>This bill <u>eliminates the Maine income tax</u> beginning January 1, 2026.</p> <p>It requires <u>DAFS to review provisions of law that refer to income tax and submit a report, including suggested legislation, to the Second Regular Session of the 131st Legislature identifying necessary changes to implement the elimination.</u></p> <p>The bill also requires <u>the development of a new budgeting system in which agencies would be subject to zero-based budgeting every 8 years and in the interim years be subject to review and alternative budget requirements.</u></p>   |             |   |      |
| 1445 | 1893 | 4/26 | 5/10 | Faulkingham | An Act to Enact a Seasonal Sales Tax to Provide Income Tax Relief to Maine Residents | <p>This bill makes the following changes to the sales tax laws.</p> <ol style="list-style-type: none"> <li>1. It enacts an <u>additional seasonal sales tax of 2%, imposed annually between Memorial Day and Indigenous Peoples Day beginning in 2024. The tax is imposed only on those items or services that are subject to the current 5.5% sales tax.</u></li> <li>2. <u>Revenue from the seasonal sales tax is deposited, without any subtractions, into the new Maine Residents Income Tax Relief Fund. The purpose of the fund is to increase the personal exemption. If the change would increase the personal exemption beyond the amount of the personal exemption under federal law, then the joint standing committee having jurisdiction over taxation matters may report out legislation that uses the funds to reduce the income tax by other means.</u></li> </ol> | ONTP        | <p>MRS estimates</p> <p>Still under review 4/26</p> <p>Admin costs likely to be significant</p> |      |

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|------|------|------|------|---------|---|---|---------------|----------------------------|------|
|      |      |      |      |         |   |   |               | FY24                       | FY25 |
|      |      |      |      |         |   | 3. It amends the refundable sales tax fairness credit to <u>increase the maximum credit from \$225 to \$300 and increase the income levels at which the credit is phased out, beginning in 2024.</u>  |               |                            |      |
| 1454 | 1717 |      |      | Chipman | An Act Regarding the Distribution of Revenue from the Real Estate Transfer Tax                | This bill changes the distribution of revenue from the real estate transfer tax on property transfers by deeds to provide that beginning in fiscal year 2023-24 revenue received by the State would be distributed entirely to the Maine State Housing Authority for deposit in the Housing Opportunities for Maine Fund after the transfer of funds identified to be used by the Maine State Housing Authority for deposit in the Maine Energy, Housing and Economic Recovery Fund to meet the authority's obligations relating to bonds issued or planned to be issued by the authority for the Maine Energy, Housing and Economic Recovery Program. For fiscal years 2025-26 to 2030-31, as long as the revenue to the Maine State Housing Authority does not fall below the level of available revenues of fiscal year 2021-22, 50% of the remaining funds received in the Housing Opportunities for Maine Fund must be used to support the creation of new housing units that are affordable to low income households. |               |                            |      |
| 1475 | 1929 | 4/18 | 5/10 | Jackson | An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit | This bill establishes a refundable Maine income tax credit for investment in <u>biotechnology incubators and biomanufacturing facilities.</u><br><br>The <u>amount of the credit</u> is 30% of qualified investment, taken in the form of an annual credit of 6% of the qualified investment each year for 5 years after a certificate of completion has been issued by the Commissioner of Economic and Community Development.<br><br>The <u>amount of investment in a biotechnology incubator that is eligible for a credit</u> is capped at \$15 million for each project and \$30 million for all projects in total.  | OTPA/<br>ONTP |                            |      |

| LD   | LR   | PH   | WS   | SPONSOR    | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
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|      |      |      |      |            |  |  |             | FY24                       | FY25 |
|      |      |      |      |            |  | <p>The amount of investment in a biomanufacturing facility that is eligible for a credit is capped at \$15 million for each project and \$30 million for all projects in total.</p> <p>The bill also provides for situations in which the facilities are no longer being primarily used for the purposes of biotechnology incubation or biomanufacturing.</p> <p><b><u>Sponsor is proposing eliminating the proposed tax credit and substituting a grant program for the same purposes administered by Maine Technology Institute.</u></b></p>   |             |                            |      |
| 1486 | 1802 | 4/26 | 5/10 | Stewart    | An Act to Exempt Tractor Trailer Trucks from the Excise Tax                | <p>This bill <u>exempts trucks and truck tractors registered for more than 26,000 pounds from the motor vehicle excise tax.</u></p> <p><u>If reimbursement to municipalities is required,</u> Secretary of State will need funds for administration and reimbursement.</p>   | ONTP        |                            |      |
| 1493 | 1111 | 4/26 | 5/4  | LaRochelle | An Act to Increase Affordable Housing by Expanding Tax Increment Financing | <p>This bill authorizes the creation of Pine Tree Housing Zones to <u>allow retained value resulting from a TIF district in a municipality to be used anywhere in the municipality for the purposes of the purchase, rehabilitation or establishment of affordable and workforce housing in the municipality.</u></p> <p>The bill <u>provides for a sales tax exemption or reimbursement for the associated purchasing of tangible personal property and electricity T&amp;D for use directly and primarily by a qualified project in a Pine Tree Housing Zone.</u></p> <p>DECD directed to adopt rules specifying many details for the process.</p> | tabled      |                            |      |



| LD   | LR   | PH   | WS   | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION          | FISCAL IMPACT <sup>1</sup> |      |
|------|------|------|------|---------|---|--|----------------------|----------------------------|------|
|      |      |      |      |         |   |  |                      | FY24                       | FY25 |
|      |      |      |      |         |   | Maine Revenue Services has technical concerns.   |                      |                            |      |
| 1504 | 2190 | 4/26 | 5/10 | Terry   | An Act to Exempt Broadband Equipment from the Sales and Use Tax   | <p>This bill provides a <u>sales tax exemption for sales of machinery and equipment used to provide broadband communications service to a broadband communications service provider.</u></p> <p><u>MRS has technical concerns; need for language clarification.</u></p>  |                      |                            |      |
| 1524 | 1261 | 4/26 | 5/10 | Sampson | An Act to Eliminate the Excise Tax on Recreational Vehicles and Permit Municipal Adoption of Fees to Cover the Cost of Municipal Services to Campgrounds and Recreational Vehicle Parks | <p>This bill</p> <ol style="list-style-type: none"> <li>1. provides an <u>exemption from the motor vehicle excise tax for recreational vehicles that have electrical systems of at least 30 amps, water storage and graywater and blackwater holding tanks and</u></li> <li>2. <u>Permits municipalities to impose fees on exempt recreational vehicles and campgrounds or parks that host those recreational vehicles.</u> The fees must be calculated to produce annual revenues that would offset the revenue lost by the municipality due to the excise tax exemption.</li> <li>3 <u>Authorizes municipalities to impose a fee on campgrounds for permission to construct or to lease land to another person or entity to use docks, floats, piers, boat lifts and riprap that occupy space that is within 100 feet from the shoreline of a great pond.</u></li> </ol> | ONTP/<br>OTPA<br>fno |                            |      |
| 1538 | 142  | 5/10 |      | Brenner | An Act to Provide Tax Benefits to Persons Constructing Accessory Dwelling Units   | This bill <u>requires reimbursement by the State to a property owner of a percentage of property taxes paid due to an increase in the taxes for up to 10 years because of the construction of an accessory dwelling unit (an attached or detached dwelling unit on the same lot or parcel as an existing or proposed single-family or multifamily residence that allows for independent living for one or more persons and contains kitchen and bathroom facilities and sleeping accommodations).</u>  |                      |                            |      |

| LD   | LR   | PH  | WS | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
|------|------|-----|----|---------|---|---|-------------|----------------------------|------|
|      |      |     |    |         |   |   |             | FY24                       | FY25 |
|      |      |     |    |         |   | The percentage of reimbursement is 100% of the increase in PT in the first year declining to 5% in the 10 <sup>th</sup> year.   |             |                            |      |
| 1544 | 1661 | 5/4 |    | Terry   | An Act to Improve Economic Security for Maine Children by Establishing the Maine Dependent Tax Credit | <p>This bill enacts a new Maine dependent income tax credit to replace the existing dependent tax credit tax credit for tax years beginning in 2023 or after.</p> <p><b>Current credit:</b> \$300 for each child and dependent of the taxpayer for whom the federal child tax credit is claimed for the same year. The credit is reduced if the taxpayer's FAGI exceeds \$400,000 (married joint) or \$200,000 (other filers).</p> <p><b>The bill:</b> The dependent tax credit created by this bill is available for a <u>dependent who has resided with the taxpayer claiming the credit for at least 6 months of the tax year and for whom the taxpayer has provided more than 50% of that dependent's financial support</u> during the tax year.</p> <p>The tax credit is <u>fully refundable and may not be counted as income, an asset or a resource for purposes of state or municipal benefits.</u></p> <p>The tax credit for 2023 is \$350 for each dependent but is annually indexed for inflation.</p> <p>The bill <u>requires the State Tax Assessor to make the application for the child tax credit available</u> as part of the sales tax fairness credit or property tax fairness credit application or through another simplified application.</p> <p>The STA is <u>required to work with the Commissioner of Health and Human Services to make the application for the credit available from the Department of Health and Human Services' state benefits web portal, My Maine Connection.</u></p> |             |                            |      |

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|------|------|-----|----|---------|--|--|-------------|--|------|
|      |      |     |    |         |  |  |             | FY24   | FY25 |
|      |      |     |    |         |  | Finally, the bill requires the STA to include in the “red book” specific information about the tax credit, including the number of taxpayers claiming the credit and the number of children and dependents claimed in order to obtain the tax credit.  |             |  |      |
| 1569 | 736  |     |    | Roberts | An Act to Exempt Certain Disabled Veterans from Property Taxes in Accordance with Their Disability Ratings | This bill provides a property tax exemption for the estates of certain veterans for property tax years beginning on or after April 1, 2024. Like current exemptions for the estates of veterans, the exemption is also made available to an eligible survivor, who may be a widow or widower, a minor child or a parent of an eligible disabled veteran, following the death of the eligible disabled veteran. The calculation of the exemption is changed to provide a flat exemption amount that increases from \$3,000 to \$10,000 based on the percentage of the veteran's service-connected disability. The bill also requires state reimbursement to municipalities and the Unorganized Territory Education and Services Fund for 100% of the property tax revenue lost as a result of the exemptions. |             |  |      |
| 1582 | 636  | 5/4 |    | Doudera | An Act to Clarify What Constitutes a Homestead for the Homestead Property Tax Exemption                    | This bill provides that a homestead, for purposes of qualifying for the <u>Maine resident homestead property tax exemption, must be a legally established dwelling that meets all relevant state and local codes.</u>  |             |  |      |
| 1595 | 81   |     |    | Jackson | An Act to Exempt the Estates of Veterans Who Were Disabled in the Line of Duty from Property Taxes         | This bill provides a complete exemption from property taxes for veterans who were disabled during active military service and who are receiving a pension or compensation from the United States Government for total, service-connected disability. Current law provides up to a \$6,000 exemption.   |             |  |      |
| 1600 | 1614 |     |    | Stewart | An Act to Improve Property Tax Relief for Certain Disabled Veterans  | This bill changes the property tax exemption for disabled veterans by extending it to all disabled veterans and setting the exemption for each disabled veteran at the amount calculated by multiplying the value of the property by the veteran's percentage of   |             | <b>SPONSOR ASKING FOR LTWD LETTER<br/>5/5/23</b> |      |

| LD   | LR   | PH   | WS | SPONSOR   | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
|------|------|------|----|-----------|--|--|-------------|----------------------------|------|
|      |      |      |    |           |  |  |             | FY24                       | FY25 |
|      |      |      |    |           |  | disability as rated by the United States Department of Veterans Affairs.   |             |                            |      |
| 1631 | 196  | 5/9  |    | Bailey    | An Act to Establish the Gas Tax Fairness Credit                        | <p>This bill enacts a <u>new gas tax fairness credit</u>, based on the current sales tax fairness credit.</p> <p>In order to be eligible, a <u>taxpayer must have had a motor vehicle registered in Maine for at least 6 months of the tax year</u> for which the credit is being claimed.</p> <p>The credit is:</p> <ol style="list-style-type: none"> <li>1. \$125 for single individuals and \$175 for individuals filing MJ or HoH increased by \$25 or \$50 depending on number of children eligible for child tax credit and</li> <li>2. Phased out for income over \$20,000 S, \$30,000HoH, \$40,000 MJ.</li> </ol> |             |                            |      |
| 1638 | 1576 | 5/3  |    | Brakey    | An Act to Lower the State's Individual Income Tax                      | <p>This bill <u>decreases the individual income tax rates</u> imposed on individual income tax brackets as follows:</p> <ol style="list-style-type: none"> <li>1. For <u>tax years 2023 and 2024</u>, the tax rates are decreased from 5.8%, 6.75% and 7.15% to 5.2%, 6.3% and 7.05%, respectively; and</li> <li>2. <u>Beginning with tax year 2025</u>, the rates are decreased to 5%, 6% and 7%.</li> </ol>  |             |                            |      |
| 1644 | 1350 | 5/10 |    | Salisbury | An Act to Permit the Expenditure of Accumulated Tax Increment Revenues | <p>This bill <u>authorizes tax increment revenues to be used for certain identified purposes after the date a development district ends.</u></p> <p>Funds remaining in a “project cost account” may be used only to pay debt service on certain bonds and notes.</p> <p>Funds remaining in a “development sinking fund account” must be used only to pay approved project costs that are described in the development plan.</p>  |             |                            |      |

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|      |      |      |      |         |   |   |             | FY24                       | FY25 |
| 1648 | 1490 |      |      | Boyle   | An Act to Make Changes to the Farm and Open Space Tax Law     | This bill establishes a new method for the valuation of land under the farm and open space tax law. It extends eligibility for a reduced valuation to land managed under a carbon conservation management plan, which is a written agreement between the landowner and the Department of Agriculture, Conservation and Forestry that describes strategies to be used on a parcel of land at least 10 acres in size to increase carbon storage or improve carbon conservation. It removes the requirement that wildlife habitat land meet specific criteria to be eligible for a reduced valuation, such as being designated by the Department of Inland Fisheries and Wildlife as supporting important wildlife habitat or identified by the Department of Agriculture, Conservation and Forestry as supporting a natural vegetation community. Instead, such land is eligible for a reduced valuation if the landowner establishes and complies with a written management agreement between the landowner and either the Department of Inland Fisheries and Wildlife or the Department of Agriculture, Conservation and Forestry to ensure that the habitat benefits provided by the land are not lost. This bill establishes specific criteria for management plans, including requiring them to contain specific strategies for compliance, be sworn to and complied with by the landowner and renewed at least once every 10 years. This bill requires the State Tax Assessor to reimburse municipalities for revenue lost as a result of being enrolled under the farm and open space tax law in a manner similar to the method of reimbursement under the Maine Tree Growth Tax Law. This bill also removes the provision limiting to no more than 15,000 acres the amount of land that may be enrolled by a landowner under the farm and open space tax law. |             |                            |      |
| 1650 | 699  | 4/25 | 4/27 | Terry   | An Act to Create a Tiered Senior Resident Homestead Exemption | <p><b>Current law HTE:</b></p> <ol style="list-style-type: none"> <li>1. HTE is \$25,000.</li> <li>2. No difference based on age.</li> </ol>  | ONTP        |                            |      |

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|      |      |     |    |          |   |   |             | FY24                       | FY25 |
|      |      |     |    |          |   | <p>3. State reimburses municipalities: PTY 4/1/22 73% with increase by 3% each year until it reaches 100%</p> <p><b><u>This bill:</u></b></p> <ol style="list-style-type: none"> <li>1. <u>replaces the property tax stabilization for senior citizens program</u> enacted by the 130th Legislature <u>with a tiered homestead exemption program for qualifying permanent senior residents (65+) in the State.</u></li> <li>2. The bill provides that <u>qualifying seniors</u> <ol style="list-style-type: none"> <li>a. <u>earning less than 80% of the regional median family income</u> qualify for an <u>additional \$25,000 homestead exemption</u> and</li> <li>b. those earning <u>more than 80% but less than 100% of the regional median family income</u> qualify for an <u>additional \$15,000 exemption.</u></li> </ol> </li> <li>3. The bill also requires <u>the State to reimburse municipalities for 100% of the property tax loss under the senior resident homestead exemption.</u></li> </ol> |             |                            |      |
| 1651 | 1080 | 5/3 |    | Arata    | An Act to Reduce the State Income Tax   | <p>CONCEPT DRAFT:</p> <p>This bill is a concept draft pursuant to Joint Rule 208. This bill <u>would reduce the rates of state tax imposed on individual and corporate income.</u></p>  |             |                            |      |
| 1671 | 952  | 5/3 |    | Ducharme | An Act to Reduce the Income Tax to 4.5 Percent on the Lowest Tax Bracket and Remove Low-income Families from Taxation | <p>This bill <u>decreases the rate of income tax imposed on the lowest bracket</u> of individual income for single individuals and married persons filing separate returns, heads of households and persons filing married joint returns from 5.8% to 4.5%. <u>Other brackets remain the same</u> as under current law.</p> <p>The decreased rate <u>applies to tax years beginning on or after January 1, 2023.</u></p>  |             |                            |      |

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|      |      |      |    |         |   |   |             | FY24                       | FY25 |
| 1681 | 1321 | 5/9  |    | Boyer   | An Act to Encourage Residential Water Testing by Providing an Income Tax Deduction  | This bill provides a <u>income tax deduction (subtraction modification) for expenses related to water testing for a residence occupied by the taxpayer.</u>   |             |                            |      |
| 1685 | 1518 | 5/11 |    | Matlack | An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law                   | This bill <u>amends the Maine Tree Growth Tax Law</u> by: <ol style="list-style-type: none"> <li><u>increasing the acreage eligibility requirement from 10 to 25 acres of forested land beginning April 1, 2025.</u></li> <li><u>Authorizing municipal assessors and the State Tax Assessor to retain copies of required forest management and harvest plans and with assistance from the Director of the Bureau of Forestry within the Department of Agriculture, Conservation and Forestry to determine the sufficiency of a plan to meet the requirements of the law.</u> Forest management and harvest plans retained by a municipal assessor or the State Tax Assessor are confidential and not public records.</li> </ol> |             |                            |      |
| 1689 | 1347 | 5/9  |    | Chipman | An Act to Exempt Prescription Pet Medications from Sales Tax  | This bill establishes an <u>exemption from the sales and use tax for medications for pets sold on a doctor's prescription.</u>  |             |                            |      |
| 1714 | 1621 | 5/10 |    | Rana    | An Act to Create a Sustainable Funding Source for Recovery Community Centers Using a Percentage of the Adult Use Cannabis Tax Revenue | This <u>bill establishes the Recovery Community Centers Fund within the Department of Health and Human Services, Office of Behavioral Health to fund recovery community centers.</u><br><br>The bill <u>requires that 12% of the sales tax revenue received per month on the sale of adult use cannabis and adult use cannabis products and 12% of the excise tax revenue collected on the sale of adult use cannabis be credited to the fund.</u><br><br>The bill <u>also clarifies that 12% of the sales tax revenue collected on the sale of adult use cannabis and adult use cannabis products is credited to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund</u>                                 |             |                            |      |

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|      |      |      |    |           |  |   |             | FY24                       | FY25 |
|      |      |      |    |           |  | under current law, NOT 12% of all sales tax revenue collected under the Maine Revised Statutes, Title 36, section 1811.   |             |                            |      |
| 1717 | 1737 |      |    | Collamore | An Act to Provide a Property Tax Exemption for All Veterans over 62 Years of Age | Current law provides a \$6,000 exemption from property taxes to veterans who served in the Armed Forces of the United States during a federally recognized war period once they reach the age of 62 years or are receiving a pension or compensation from the Federal Government for total disability as a veteran. Current law also provides that a veteran who is disabled by injury or disease incurred during active military service is eligible for the \$6,000 exemption, regardless of when that service was performed. This bill removes the requirement that the military service be performed during a federally recognized war period, allowing a veteran who is at least 62 years of age, regardless of when the military service was performed, to be eligible for the \$6,000 exemption. A veteran who is receiving a pension or compensation from the Federal Government for a service-connected disability continues to be eligible for the \$6,000 exemption, regardless of age or time of service. |             |                            |      |
| 1720 | 973  | 5/11 |    | Bennett   | An Act to Phase Out the Insurance Premium Tax on Annuities                       | <p><b>Current insurance premium tax on annuity considerations:</b><br/> <u>2% per year</u></p> <p>This bill <u>phases out the insurance premium tax on all annuity considerations over 10 years</u> beginning in 2024 and</p> <p><u>provides that during the phase-out period the retaliatory tax on non-Maine insurance companies does not apply.</u></p> <p>The bill <u>also specifies that certain deductions related to annuities may be deducted only from annuity considerations for tax periods beginning on or after January 1, 2024.</u></p>   |             |                            |      |



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|      |      |      |    |         |   |  |             | FY24                       | FY25 |
| 1737 | 2103 |      |    | Hymes   | An Act to Provide up to \$5,000 in Property Tax Relief to Veterans      | Current law provides up to a \$6,000 exemption in just value for veterans who are at least 62 years of age and who served during a federally recognized war period or veterans who were disabled during active military service. This bill provides a complete exemption from property taxes for veterans who were disabled during active military service and who are receiving a pension or compensation from the United States Government for total, service-connected disability, except that the dollar amount of the reduction in taxes due because of the exemption is limited to \$5,000 or the amount of taxes actually due for that property tax year, whichever amount is less. |             |                            |      |
| 1739 | 569  | 5/10 |    | Kuhn    | An Act to Extend Development District Tax Increment Financing Districts | <u>This bill allows a development district that is a tax increment financing district to be extended an additional 30 years if the district uses at least 51% of state tax increment revenue for affordable housing or transit-oriented development.</u>   |             |                            |      |
| 1743 | 1009 | 5/3  |    | Andrews | An Act to Eliminate the Personal Property Tax                           | This bill: <ol style="list-style-type: none"> <li><u>eliminates the imposition of taxes on personal property</u>, except for excise taxes and sales and use taxes.</li> <li>Due to the elimination of personal property taxation, this bill <u>also eliminates BETR and BETE.</u></li> <li>The legislation applies to <u>property tax years beginning on or after April 1, 2024.</u></li> </ol>  |             |                            |      |
| 1747 | 1078 | 5/9  |    | Arata   | An Act to Return the Sales Tax Rate to 5 Percent                        | This bill decreases the general sales tax rate from 5.5% to <u>5.25% beginning October 1, 2023</u> and to <u>5% beginning July 1, 2024.</u><br><br>This bill does not change the rate of the sales tax imposed on prepared food, lodging, rental vehicles, liquor or adult use cannabis.   |             |                            |      |

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|      |      |      |    |         |  |   |             | FY24                       | FY25 |
| 1755 | 1462 | 5/9  |    | Curry   | An Act to Exempt All Youth Development Nonprofit Organizations from Sales Tax and the Service Provider Tax | <p><b>Current law:</b><br/>Provides an <u>exemption</u> from the sales and use tax and the service provider tax for sales <u>to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting.</u></p> <p><b>This bill:</b> <u>Extends those exemptions to all nonprofit youth organizations beginning 1/1/24.</u></p>   |             |                            |      |
| 1774 | 1077 | 5/9  |    | Arata   | An Act Exempting Certain Emergency Distributions and Emergency Savings Accounts from Taxation              | <p>This bill provides for an <u>IT deduction of the following amounts</u> from FAGI for purposes of <u>calculating MAGI gross income</u> (subtraction modification):</p> <ol style="list-style-type: none"> <li>1. An amount constituting <u>an emergency personal expense distribution from an eligible retirement plan</u> allowed under the federal Consolidated Appropriations Act, 2023, Public Law 117-328, Division T, Section 115; and</li> <li>2. <u>Any capital gains, dividends or interest earned in pension-linked emergency savings accounts</u> described under the federal Consolidated Appropriations Act, 2023, Public Law 117-328, Division T, Section 127.</li> </ol> |             |                            |      |
| 1804 | 898  | 5/11 |    | Bennett | An Act to Provide Transparency and Accountability for Corporate Tax Expenditures                           | <p>This bill requires the Commissioner of DECD to submit <u>annual reports to TAX and IDEAB</u> on:</p> <ol style="list-style-type: none"> <li>1. Pine Tree Development Zones and</li> <li>2. BETE</li> </ol> <p>The bill requires the State Tax Assessor to submit <u>annual reports to TAX</u> on:</p> <ol style="list-style-type: none"> <li>1. employment tax increment financing (ETIF)and</li> <li>2. the shipbuilding facility credit and</li> <li>3. BETR.</li> </ol> <p>The commissioner and the assessor are required to make these reports to the joint standing committee of the Legislature having jurisdiction over taxation matters.</p>                                   |             |                            |      |

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|      |     |      |    |         |                                    |   |             | FY24                       | FY25 |
| 1808 | 121 | 5/10 |    | Perry   | An Act to Amend the State Tax Laws | <p><b>EMERGENCY BILL</b><br/> <b>DAFS/MRS annual bill</b><br/> <b>MRS will have chart</b></p> <p><u>Part A makes changes to the sales tax law.</u> Part A:<br/> 1. Requires a marketplace facilitator to collect recycling assistance fees on sales that the marketplace facilitator facilitates; and<br/> 2. Adds the definition of "low-income" as used by the sales tax exemption for sales to a nonprofit housing development organization in the Maine Revised Statutes, Title 36, section 1760, subsection 72 to the corresponding exemption under the service provider tax.</p> <p><u>Part B makes changes to the property tax law.</u> Part B:<br/> 1. Simplifies eligibility for the property tax exemption for veterans who served in a federally recognized war period or received an expeditionary medal by removing the distinction between different expeditionary medals;<br/> 2. Simplifies and broadens eligibility for the property tax exemption for veterans with specially adapted housing units to include all veterans who receive grants for specially adapted housing;<br/> 3. Adjusts the personal property factor calculation used to determine state business equipment tax exemption reimbursement rates to exclude business personal property exempt from property taxation for reasons other than the business equipment tax exemption;<br/> 4. Clarifies the 3 approaches to valuation;<br/> 5. Allows certain restricted property to be considered comparable to property not so restricted for valuation purposes if the comparison is adjusted for the restriction; and<br/> 6. Changes the payment due date for the homestead property tax deferral program for senior citizens from April 30th of the calendar year following the year in which the property exited the program to 12 months after the property exited the program and changes the date by which an extension must be requested from</p> |             |                            |      |

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|    |    |    |    |         |       |   |             | FY24                       | FY25 |
|    |    |    |    |         |       | <p>August 15th of the calendar year following the year in which the property exited the program upon a death to 12 months after the property exited the program.</p> <p><u>Part C makes changes to the income tax law.</u> Part C:</p> <ol style="list-style-type: none"> <li>1. Provides that each required estimated tax payment for nonadmitted insurance premiums be based on contracts written during the estimated tax period;</li> <li>2. Clarifies that the nonadmitted insurance premiums tax is based on premiums on contracts written by insurers, rather than on premiums paid to insurers;</li> <li>3. Retroactively repeals the Maine modification related to the federal exclusion of benefits for volunteer firefighters and emergency responders;</li> <li>4. Eliminates a duplication of benefits by requiring that the military survivor benefits subtraction modification be reduced by the amount of those benefits claimed as a pension deduction under the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph M-2;</li> <li>5. Provides that the interest associated with an installment sale of property for which an election is made by a nonresident individual taxpayer to pay the Maine tax on the gain in the year of the sale or in a subsequent year is excluded from Maine taxable income in the year of the election and any year subsequent to the election;</li> <li>6. Removes the credit for certain homestead modifications for taxable years beginning on or after January 1, 2024, but allows taxpayers to carry forward unused credit amounts for up to 4 years following the first year of eligibility. It also makes an additional technical change;</li> <li>7. Establishes the extended due dates for filing income tax returns of taxable corporations and franchise tax returns of financial institutions as 30 days following the extended due date for filing the related federal income tax return. This change applies to taxable years beginning on or after January 1, 2024; and</li> <li>8. Replaces a reference to "Maine income tax withholding" in the employment tax increment</li> </ol> |             |                            |      |

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|      |      |     |    |         |   |   |             | FY24                       | FY25 |
|      |      |     |    |         |   | <p>financing program with a reference to "gross wages paid" in order to reflect a recent change in the program to base the benefit on gross wages paid rather than on income tax withholding.</p> <p><u>Part D makes changes to the property tax stabilization for senior citizens program.</u> Part D:</p> <ol style="list-style-type: none"> <li>1. Clarifies the property tax year for which individuals request stabilization;</li> <li>2. Clarifies the form municipalities must use to apply for reimbursement; and</li> <li>3. Authorizes the Department of Administrative and Financial Services, Maine Revenue Services to audit municipal applications for reimbursement and provides for municipal appeal rights. These changes take effect upon enactment.</li> </ol> <p><u>Part E makes changes to the tobacco tax law.</u> Part E:</p> <ol style="list-style-type: none"> <li>1. Enacts a definition of "remote seller" to mean a seller of premium cigars and pipe tobacco selling directly to consumers located in the State;</li> <li>2. Enacts a definition of "remote sale" to establish clearly when an economic nexus exists for purposes of regulation and taxation of distributors and remote sellers of tobacco products located outside of the State; and</li> <li>3. Makes other technical changes throughout to ensure clarity and consistency regarding the imposition of the tax and the many different types of distributors who bring or cause to be brought tobacco products into this State for sale.</li> </ol> <p><u>Part F allows the disclosure of a taxpayer's current mailing address to the Treasurer of State</u> for purposes of returning unclaimed or abandoned property.</p> |             |                            |      |
| 1810 | 1684 | 5/9 |    | Terry   | An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit | <p>This bill amends the IT credit for historic properties by :</p> <ol style="list-style-type: none"> <li>1. <u>Increasing the tax credit from 25% to 30% of the certified qualified rehabilitation expenditures of a</u></li> </ol>  |             |                            |      |

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|    |    |    |    |         |       |  |             | FY24                       | FY25 |
|    |    |    |    |         |       | <p><u>taxpayer for a certified historic structure if the taxpayer does not claim a credit under IRC, Section 47;</u></p> <p>2. <u>Increasing the allowable certified qualified rehabilitation expenditures of a taxpayer from a maximum of \$250,000 to a maximum of \$1,000,000 for a certified historic structure if the taxpayer does not claim a credit under the IRC, Section 47;</u></p> <p>3. <u>Increasing the increased tax credit for a certified affordable housing project from 30% to 35% of certified qualified rehabilitation expenditures for which a credit is claimed under the Code, Section 47; and</u></p> <p>4. <u>Increasing the increased tax credit for a certified affordable housing project from 30% to 45% of certified qualified rehabilitation expenditures if the taxpayer does not claim a credit under the Code, Section 47.</u></p> <p>5. <u>The bill establishes a credit for rehabilitation and weatherization of historic homes equal to 25% of the qualified exterior rehabilitation expenditures of a taxpayer who incurs at least \$5,000 and not more than \$62,500 in expenditures for a certified historic home. It also provides for an increased credit of 30% of expenditures up to \$75,000 under certain circumstances. It requires the Director of Maine Historic Rehabilitation Commission to determine eligibility.</u></p> <p>6. <u>. The bill adds the credit for rehabilitation and weatherization of historic homes to the biennial report that the Maine Historic Preservation Commission provides to the Legislature</u></p> |             |                            |      |

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|      |      |    |    |          |   |   |             | FY24                       | FY25 |
| 1852 | 1798 |    |    | Poirier  | An Act to Eliminate the Lodging Tax on Campground Sites and Revert to Using the Current Sales Tax                                 | Under current law, the rental of living quarters in tourist camps and trailer camps is subject to a sales tax of 9%. This bill removes living quarters in tourist camps and trailer camps from inclusion under the 9% sales tax rate, which will result in the rental of living quarters in trailer camps and tourist camps being subject to the general sales tax rate, which is currently 5.5%.   |             |                            |      |
| 1853 | 2352 |    |    | Collings | An Act to Conform the Mining Excise Tax Laws to the Maine Metallic Mineral Mining Act and Set the Mining Excise Tax at 10 Percent | This bill conforms the definitions in the mining excise tax laws to the Maine Metallic Mineral Mining Act. The bill also increases from 0.009 to 0.1 the tax rate on gross proceeds from a mining area.   |             |                            |      |
| 1855 | 2450 |    |    | Perry    | Resolve, Directing the Office of Tax Policy to Study Maine's Mining Excise Tax  | This resolve directs the Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy to examine and evaluate the State's taxation of metallic mineral mining business activity and to report to the Joint Standing Committee on Taxation with its findings and recommendations.   |             |                            |      |
| 1857 | 2345 |    |    | Copeland | An Act to Create the Public Safety Health and Wellness Reimbursement Fund to Benefit Public Safety Workers and Volunteers         | This bill establishes the Public Safety Health and Wellness Reimbursement Fund to provide public safety employees, including certain volunteer first responders, with access to a health and wellness program to mitigate the negative physical and mental health effects of their employment. The bill funds the Public Safety Health and Wellness Reimbursement Fund using 5% of the sales tax collected on the sale of adult use cannabis and adult use cannabis products.       |             |                            |      |
| 1866 | 2110 |    |    | Collings | An Act to Establish 5 New Tax Brackets and a Surcharge for Higher Income Levels   | This bill makes modifications to existing tax brackets. The bill also establishes 5 new tax brackets for income exceeding \$100,000 for persons filing as single individuals or married individuals filing separately, \$150,000 for individuals filing as heads of households and \$200,000 for individuals filing married joint returns or surviving spouses and imposes a 3% surcharge on incomes of at least \$1,000,000 and a 6% surcharge on incomes of \$10,000,000 or more. |             |                            |      |
| 1873 | 1495 |    |    | Brakey   | An Act to Provide Heating Relief with Tax-free Home Energy Savings Accounts   | This bill establishes the Home Energy Savings Account Program to allow individuals and married couples to open a home energy savings account into which annual  |             |                            |      |

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|      |      |    |    |             |   |   |             | FY24                       | FY25 |
|      |      |    |    |             |   | deposits of up to \$2,500 for an individual and \$5,000 for a married couple may be made. The amount deposited is exempt from Maine income tax but may be used only for the weatherization of the account holder's residence or the payment of fuel or electricity costs incurred for heating the account holder's residence; funds withdrawn and used for any other purpose are subject to Maine income tax. The residence must be located in Maine. Balances in the accounts do not lapse but are carried forward each year. The Home Energy Savings Account Program is administered by the Finance Authority of Maine.   |             |                            |      |
| 1882 | 2398 |    |    | Faulkingham | An Act to Increase the Deduction from Income for Pension Benefits   | The bill increases the pension deduction amount for tax years beginning in 2023 from \$30,000 to \$35,000 and for tax years beginning on or after January 1, 2024 from \$35,000 to \$50,000.  |             |                            |      |
| 1891 | 2189 |    |    | Terry       | An Act to Support Maine Businesses Through a Child Care Tax Credit and a Pass-through Entity Tax          | Part A of this bill establishes a pass-through entity tax on the income of partners and shareholders of S corporations to permit certain entities to elect to pay Maine income tax at the entity level. The effect of this is to allow a taxpayer who elects to become a pass through entity to deduct Maine income taxes paid on the taxpayer's federal income tax return.<br>Part B of this bill establishes a business-supported child care tax credit to provide to an employer that provides early child care and education services to children of its employees, either by expending funds to build, furnish, license, staff, operate or subsidize a child care facility licensed by the Department of Health and Human Services or to contract with a child care facility licensed by or registered with the department. The credit is equal to the lower of \$10,000 or \$1,000 per child of an employee for whom the employer provides early child care and education services. |             |                            |      |
| 1893 | 224  |    |    | Strout      | An Act to Allow a Municipality to Impose a Fee on Short-term Rentals for the Benefit of That Municipality | This bill allows a municipality to impose, if approved by referendum of the voters in that municipality, a local option fee on short-term rentals of living quarters in any hotel, rooming house or tourist or trailer camp currently subject to the 9% sales tax on lodging, including a short-term accommodation rental rented  |             |                            |      |



| LD   | LR   | PH | WS | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
|------|------|----|----|---------|---|---|-------------|----------------------------|------|
|      |      |    |    |         |   |   |             | FY24                       | FY25 |
|      |      |    |    |         |   | through a transient rental platform. Long-term rentals currently exempt from sales tax are not subject to the short-term rental fee. The revenue from the local option fee is distributed to the municipality imposing the local option fee. Revenue received by a municipality from a local option fee imposed on short-term rentals may not be used to reduce or eliminate funding otherwise due to the municipality under other provisions of law. The local option fee may not take effect before July 1, 2024.   |             |                            |      |
| 1894 | 1380 |    |    | Boyer   | An Act to Establish a Home Heating Income Tax Deduction   | This bill allows an individual taxpayer an income tax deduction for costs incurred by the taxpayer for electricity, oil, wood or other fuel used to heat the taxpayer's primary residence located in this State.  |             |                            |      |
| 1900 | 2209 |    |    | Brakey  | An Act to Establish a Tax Credit for Employers Who Employ Persons Recovering from Substance Use Disorder            | This bill provides for a tax credit for employers who employ persons recovering from substance use disorder who are completing or have successfully completed a substance use disorder treatment program certified by the Department of Health and Human Services. The Department of Health and Human Services is required to establish a certification process for employers. A certified employer, in order to receive the tax credit, is required to apply to the State Tax Assessor for the tax credit. The tax credit is available with respect to an employee who has been employed with the employer for at least 500 hours. The credit is calculated by multiplying the number of hours, above the 500 hours from date of hire, worked by the employee by \$1, except that the credit may not exceed \$2,000 for each eligible employee. The credit may be claimed only once per employee. The credit is further limited by a total allocation of credit of \$2,000,000 per year. |             |                            |      |
| 1923 | 1465 |    |    | Pouliot | An Act to Provide for Licensing of and Tax Collection from Remote Retail Sellers of Pipe Tobacco and Premium Cigars | This bill authorizes the sale of pipe tobacco and premium cigars to consumers in this State through remote retail sales transactions. It also authorizes the delivery of those tobacco products to consumers in this State and authorizes consumers to accept delivery of those tobacco products. The bill establishes licensing requirements for remote retail sellers and requirements for the payment of tax on pipe tobacco and premium cigars sold through remote retail sales.  |             |                            |      |

| LD   | LR   | PH | WS | SPONSOR | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION | FISCAL IMPACT <sup>1</sup> |      |
|------|------|----|----|---------|--|---|-------------|----------------------------|------|
|      |      |    |    |         |  |   |             | FY24                       | FY25 |
| 1928 | 1747 |    |    | Brakey  | An Act to Protect Maine Taxpayers from Unconstitutional Federal Expenditures | This bill establishes a procedure for the State to avoid paying for federal expenditures that are determined by the Maine Supreme Judicial Court to be in violation of the United States Constitution. Upon a determination by the Maine Supreme Judicial Court that a federal expenditure is unconstitutional, the Legislature may require an employer in this State that withholds federal income taxes from its employees to remit temporarily, for a time determined by the Legislature, those withheld federal income taxes to the Department of Administrative and Financial Services, Bureau of Revenue Services instead of to the United States Internal Revenue Service. The Legislature may also direct the bureau to determine the portion of the unconstitutional federal expenditure paid for with income taxes from Maine taxpayers and transfer that amount to a segregated account. The funds in the segregated account are used to either make up a shortage in federal funding that the State is due, as determined by the Treasurer of State, or to provide a refund to Maine taxpayers on a pro rata basis in direct proportion to the amount of federal taxes paid by the taxpayer for the prior tax year. |             |                            |      |
|      |      |    |    |         |  |   |             |                            |      |

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