

Shaded LDs have been voted on by the Committee

# WS 5/2/2023

**TAXATION COMMITTEE**  
**131<sup>st</sup> LEGISLATURE**  
**1st REG SESSION**  
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LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>																															
								FY24	FY25																														
533	635	3/28	4/6 4/19 5/2	Lanigan	An Act to Exempt Overtime Pay from Individual Income Tax	This bill <u>excludes overtime pay received by an employee</u> (hours in excess of 40 hours worked per week) <u>from income tax if the employer is required by law to pay the overtime</u> to the employee under Title 26, section 664, subsection 3.  MRS has technical concerns	4/6 tabled For group to work on amndmnt  4/19 tabled	MRS Estimates  Admin costs on going  Revenue loss (annual)	  \$104,918  \$70,000,000																														
1168	2067	4/26	5/2	Perry	An Act to Adjust Motor Vehicle Excise Tax Rates	This bill changes the excise tax on motor vehicles and camper trailers from  <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  <table style="margin-left: 40px; border-collapse: collapse;"> <tr><td style="padding-right: 20px;">Year</td><td>Mills</td></tr> <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> </table>  <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.  <table style="margin-left: 40px; border-collapse: collapse;"> <tr><td style="padding-right: 20px;">Year</td><td>Mills</td></tr> <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> </table>	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			
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<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
						8. 16 9. 13 10+ 10 Maine Revenue Service has concerns			
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 build or subsidize child care for the children of its employees.</u></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>		<p>MRS estimates</p> <p>Admin costs \$33,000 One time</p> <p>Revenue loss (annual) \$5,000,000</p>	
1303	1884	4/11	4/19 5/2	Faulkingham	An Act to Exempt Boats and All-terrain Vehicles Purchased for Qualified Commercial Fishing or Commercial Farming from State Sales Tax	<p><b>Current law:</b>            36 MRSA §2013 currently provides a <u>refund of sales tax or certification to purchase depreciable machinery and equipment without paying sales tax for persons engaged in commercial agricultural production, commercial fishing, commercial aquaculture, or commercial wood harvesting if the machinery and equipment will be used directly and primarily for those purposes.</u>            Current law <u>specifically excludes motor vehicles (including ATVs) and trailers.</u></p> <p><b>This bill</b> provides a <u>sales tax exemption for sales to a qualified purchaser of:</u></p> <ol style="list-style-type: none"> <li><u>boats and all-terrain vehicles used directly and exclusively in commercial fishing or commercial agricultural production.</u></li> </ol>	Tabled		

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						<p>2. The bill defines "qualified purchaser" to mean a <u>purchaser who, under current law, has obtained a certificate from the State Tax Assessor stating that the purchaser is engaged in commercial fishing or commercial agricultural production.</u></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>MRS concerned about overlaps and inconsistencies between current law and the bill.</p> <p>4/19 Tabled for group to work on amendment</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 amount to be raised through property tax for the unorganized territory.			
1313	424	4/13	4/20 5/2	Grohoski	An Act to Amend the Tax Credit for Major Business Headquarters Expansions Regarding Employees' Location and Time of Hire for Purposes of the Credit	<p><b>This bill is submitted by DECD</b></p> <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><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><u>changes the time for determining the number of new employees added on or after January 1,</u></li> </ol>	Tabled		

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						<u>2018; rather than the first day of the first year for which the tax credit is claimed.</u> <u>The changes made in this bill are retroactive to January 1, 2021.</u>  DECD testified in favor of bill.  MRS did not present testimony.			