

Shaded LDs have been voted on by
the Committee

WS 6/1/2023

**TAXATION COMMITTEE
131st 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 ¹	
								FY24	FY25
1504	2190	4/26	5/10 5/16 5/24 6/1	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> <p><u>5/24 Sponsor amendment to require that exemption only applies if the provider uses the amount of the exemption to reinvest an equal amount of additional machinery and equipment used to provide broadband communications service (in underserved areas?) in the State in the following year. Also clarifies some technical concerns raised by MRS.</u></p>	Tabled 5/24 tabled		
1808	121	5/10	5/23 6/1	Perry	An Act to Amend the State Tax Laws	<p>EMERGENCY BILL DAFS/MRS annual bill</p> <p>See MRS chart attached to 5/10 testimony</p> <p><u>Part A makes changes to the sales tax law. Part A:</u></p> <p>1. Requires a marketplace facilitator to collect recycling assistance fees on sales that the marketplace facilitator facilitates; and</p> <p>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>	Tabled	MRS estimates	None provided

¹ . 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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						<p><u>Part B makes changes to the property tax law.</u> Part B:</p> <ol style="list-style-type: none"> 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; 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; 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; 4. Clarifies the 3 approaches to valuation; 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; <u>MRS asks for Sec B-5 to be removed.</u> <p>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 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"> 1. Provides that each required estimated tax payment for nonadmitted insurance premiums be based on contracts written during the estimated tax period; 2. Clarifies that the nonadmitted insurance premiums tax is based on premiums on contracts written by insurers, rather than on premiums paid to insurers; 			

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						<p>3. Retroactively repeals the Maine modification related to the federal exclusion of benefits for volunteer firefighters and emergency responders;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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</p> <p>8. Replaces a reference to "Maine income tax withholding" in the employment tax increment 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. Part D:</u></p> <p>1. Clarifies the property tax year for which individuals request stabilization;</p> <p>2. Clarifies the form municipalities must use to apply for reimbursement; and</p>			

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						<p>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.</p> <p><u>Part E makes changes to the tobacco tax law. Part E:</u> 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; 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 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.</p> <p><u>MRS is working with DHHS on possible changes to Part E.</u></p> <p><u>Part F allows the disclosure of a taxpayer's current mailing address to the Treasurer of State for purposes of returning unclaimed or abandoned property.</u></p>			
1954	2553	5/30	6/1	Lyman	An Act to Address the Recent Mill Closure in the Town of Jay by Providing Funds to Offset Property Tax Loss	This bill provides a one-time appropriation to the State Controller of \$600,000 for the purpose of providing funds to the Town of Jay to help offset a property tax revenue loss from a recent mill closure.			
1979	2570	5/30	6/1	Perry	An Act Regarding Surplus Lines Insurance Tax	Current law: <u>Premiums for direct insurance and annuity considerations are subject to tax at the rate of 3% on gross premiums or whatever rate is imposed in the jurisdiction in which the insurance company is incorporated, whichever is greater, except for certain nonadmitted insurance premiums.</u>			

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						<u>This bill</u> removes the imposition of a higher rate of tax on premiums for direct insurance and annuity considerations <u>for insurers incorporated outside of the State</u> . Under the bill, all premiums attributable to nonadmitted insurers are subject to a 3% tax rate.			