

Shaded LDs have been voted on by the Committee

2/11/21

TAXATION COMMITTEE

MLS 2/11/2021 9:31 AM

130th LEGISLATURE

1st REG SESSION

| LD | LR | PH | WS | SPONSOR | TITLE | SUMMARY (Summaries may not reflect content of most recent committee action) | COMM ACTION | FISCAL IMPACT ¹ | |
|----|-----|-----|----|---------|--|--|-------------|----------------------------|------|
| | | | | | | | | FY22 | FY23 |
| 23 | 175 | | | Pouliot | An Act To Reinstate and Increase the Income Tax Deduction for Contributions to Education Savings Plans | This bill reinstates and increases the income tax deduction for contributions to so-called Section 529 education savings plans, providing a deduction up to \$1,000 per designated beneficiary. A deduction up to \$250 was in effect from 2007 to 2015. | | | |
| 80 | 88 | 2/9 | | McCrea | An Act To Provide Critical Communications for Family Farms, Businesses and Residences by Strategic Public Investment in High-speed Internet and broadband Infrastructure (Emergency) | This <u>emergency</u> bill requires: <ol style="list-style-type: none"> 1. Beginning with sales occurring on or after 6/1/21 2. 33% of sales and use tax revenue collected by the State Tax Assessor from marketplace facilitators, with respect to marketplace-facilitated sales, after required transfers to other funds, be transferred monthly to the ConnectMaine Authority 3. Must be used to further deployment of high-speed Internet and broadband infrastructure to unserved and underserved areas of the State. 4. Takes effect when approved. | | | |
| 86 | 86 | 2/9 | | McCrea | An Act To Make Sales to Area Agencies on Aging Tax-exempt | This bill provides an exemption from the sales and use tax to: <ol style="list-style-type: none"> 1. Area agencies on aging, as designated by the DHHS, and 2. Public and private nonprofit agencies that are operating under grants provided by DHHS and that provide social services in order to secure and maintain maximum independence and dignity in a home environment for older people capable of self-care with appropriate supportive services. <p>Same bill was introduced in 129th Legislature; unanimous OPA from TAX; died in Appropriations Table at end of 129th , 2d Regular Session.</p> | | | |

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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| 94 | 253 | | | Doudera | An Act To Allow Municipalities to Exempt Volunteer Firefighters from Paying Excise Tax on Their Vehicles Used To Respond to Fire Calls | This bill authorizes municipalities to adopt an ordinance extending a vehicle excise tax exemption to volunteer firefighters. | | | |
| 136 | 705 | | | Hanley | An Act To Increase the Maximum Pension Deduction for State Income Tax | This bill increases the maximum annual income tax pension deduction amount for nonmilitary retirement pensions from \$10,000 to \$35,000 over a 5-year period beginning with the 2021 tax year. The \$35,000 pension deduction amount that applies after the 2025 tax year is subject to an annual inflation adjustment. | | | |
| 140 | 320 | 2/9 | | Dillingham | An Act To Assist Certain Businesses in the State That Sell Prepared Food or Alcohol | This bill permits retailers selling prepared food or liquor sold by establishments licensed for on-premises sales and taxed at 8% to retain 1/8 of the sales tax collected on those sales to cover administrative expenses. | | | |
| 141 | 111 | | | Terry | An Act To Make Technical Changes to the Tax Laws | This bill makes technical changes to the tax laws. For changes to the income tax law, Part A: 1. Authorizes the Department of Administrative and Financial Services, Maine Revenue Services to disclose information to the Finance Authority of Maine necessary for the administration of the seed capital investment tax credit in the Maine Revised Statutes, Title 36, section 5216-B. The authority is responsible for certifying investments that are eligible for the credit; 2. Amends Title 36. section 5164, subsection 2, a provision of the Maine fiduciary income tax law, to incorporate gender-neutral terms, delete a duplicate word and make other technical textual changes; 3. Repeals the additional tax on lump-sum retirement plan distributions, which does not apply to tax years beginning after 2012; 4. Repeals the additional tax on early distributions from qualified retirement plans, which does not apply to tax years beginning after 2012; 5. Clarifies that, for both the tax imposed on insurance companies pursuant to Title 36, chapter 357 and on persons pursuant to Title 36, Part 8, for purposes of the employer credit for family and medical leave, "employees based in the State" means employees that perform more than 50% of employee-related activities for the employer at a location in Maine. This change | | | |

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| | | | | | | <p>reflects administrative practice since implementation of the credit;</p> <p>6. Clarifies that a nonresident estate or trust that does not have Maine taxable income or a Maine income tax liability must nonetheless file a Maine income tax return if the estate or trust has distributable net income derived from or connected with sources in Maine and gross income of \$10,000 or more. This change reflects long-standing administrative practice; and</p> <p>7. Amends Title 36, sections 5221 and 5228 to incorporate gender-neutral terms.</p> <p>For changes to the sales tax law, Part B</p> <p>1. Amends the diabetic supplies exemption to require use by the purchaser;</p> <p>2. Includes in Title 36 the effective date of 3 sales tax exemptions enacted in the First Regular Session of the 129th Legislature that did not take effect until after the adjournment of the Second Regular Session of the 129th Legislature and repeals conflicting public law provisions;</p> <p>3. Clarifies the exemptions for nonprofit worldwide charitable organization; and</p> <p>4. Removes the Mayo Regional Hospital in Dover-Foxcroft from the hospital tax definition of "municipally funded hospital."</p> <p>For changes to the property tax law, Part C:</p> <p>1. Clarifies that the local assessor qualifying examination and individual examination results are confidential and thus not producible under a Freedom of Access Act request;</p> <p>2. Clarifies that enhanced business equipment tax exemption reimbursement only applies to tax increment financing exempt business equipment when the reimbursement is used to fund a tax increment financing development program.</p> <p>For general changes to tax law, Part D:</p> <p>1. Updates Title 36, section 173, concerning collection by warrant, to clarify the intent and make technical changes; and</p> <p>2. Repeals a provision that required the joint standing committee of the Legislature having jurisdiction over taxation matters to report out a bill permanently eliminating corporate tax expenditures totaling \$6,000,000 per biennium by February 6, 2016.</p> | | | |

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| | | | | | | | | FY22 | FY23 |
| 146 | 110 | 2/23 | | Terry | Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory | This resolve authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory. | | | |
| 147 | 109 | | | Terry | An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes and Amend Income Tax Modifications and the Maine Capital Investments Tax Credit | The bill does the following. Part A updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2020, for tax years beginning on or after January 1, 2018 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part B requires an addition modification for taxable income for income tax purposes for federal excess business losses allowed to noncorporate taxpayers pursuant to the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act," for taxable years beginning after December 31, 2017 and before January 1, 2021 and a subtraction modification for the carry-over of this amount in future years. Part C requires an addition modification for taxable income for income tax purposes of the federal business interest deduction that exceeds 30% of adjusted taxable income pursuant to the CARES Act for taxable years beginning on or after January 1, 2019 and before January 1, 2021 and a subtraction modification for the carry-over of this amount in tax years beginning on or after January 1, 2021. Part D excludes qualified improvement property placed in service after December 31, 2017 and prior to January 1, 2020 from the Maine capital investment income tax credit. Part E requires an addition modification for taxable income for income tax purposes for the additional charitable contribution deduction allowed to corporations pursuant to the CARES Act for taxable years beginning after January 1, 2019 and before January 1, 2020 and a subtraction modification for the carry-over of this amount in future years. Part F updates and simplifies Maine income tax law by conforming the Maine income tax with the federal net operating loss limitation, generally known as "the 80% taxable income limitation," and the CARES Act suspension of the limitation. This Part and Maine's conformity to the CARES Act net operating loss limitation suspension in Part A apply retroactively to tax years beginning on or after January 1, 2018. Under Part | | | |

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| | | | | | | | | FY22 | FY23 |
| | | | | | | F, the 80% taxable income limitation applies to tax years beginning after 2020. Part G expands the addition modification for the amount of the global intangible low taxed income deduction. For tax years beginning on or after January 1, 2020, the modification is for the total amount of the foreign-derived intangible income and global intangible low-taxed income deduction claimed in accordance with the Internal Revenue Code, Section 250(a). | | | |
| 168 | 538 | 2/16 | | Guerin | An Act To Provide a Tax Break for Businesses That Employ People with Disabilities | This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to provide a payroll tax cut for businesses that employ people with disabilities. | | | |
| 179 | 30 | 2/23 | | Kessler | An Act To Exclude Energy Efficiency Improvements from Property Tax | This bill provides property tax exemptions for energy efficiency improvements and requires the Efficiency Maine Trust to identify and make available and list such improvements. | | | |
| 188 | 642 | 2/23 | | Jackson | An Act Regarding the Transportation of Products in the Forest Products Industry | This bill requires that owners and managers of log yards and mill sites present a copy of a trip ticket to a forest ranger in the log yard or mill site upon request. The bill adds a requirement related to the transportation of forest products by providing that a landowner of 50,000 or more acres of forest land in the State may not allow the transportation of forest products harvested on the landowner's land from a location in the State to another location in the State in violation of federal law or regulation or an international trade agreement that prohibits the transportation of goods from a location in the United States to another location in the United States. The bill also provides that a landowner with 2 prior violations of the new transportation requirement is ineligible for classification of the landowner's land under the Maine Tree Growth Tax Law and the landowner may not receive certain tax incentives or state grants or other state funding. | | | |
| 191 | 395 | | | Bailey | An Act To Permit Municipalities To Provide Assistance to Veterans in Paying Property Taxes | This bill authorizes municipalities to adopt a program that provides benefits to veterans and their eligible family members who own or rent a homestead in the municipality. The benefit for owners is based on the impact of property tax equalization on the amount received as a property tax exemption compared to the | | | |

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| | | | | | | amount that would have applied if no equalization was applied. The benefit for renters is \$100. | | | |
| 198 | 717 | 2/23 | | Chipman | An Act To Improve Maine's Tax Laws by Providing a Property Tax Exemption for Central Labor Council | This bill provides a property tax exemption for real estate and personal property owned and occupied or used solely for their own purposes by central labor councils. | | | |
| 201 | 780 | 2/16 | | Libby | An Act To Reduce Greenhouse Gas Emissions and Promote Weatherization in the Buildings Sector by Extending the Sunset Date for the Historic Property Rehabilitation Tax Credit | This bill extends the income tax credit for rehabilitation of historic properties by amending the definition of "certified qualified rehabilitation expenditure" to extend from December 31, 2025 to December 31, 2040 the date by which the United States Department of the Interior, National Park Service must determine a proposed rehabilitation of a structure meets its standards for rehabilitation in order for a taxpayer to claim an income tax credit for a qualified rehabilitation expenditure. | | | |
| 217 | 315 | 2/16 | | Fecteau | An Act To Make Contributions Made To Pay Off School Meal Debt Tax-deductible | This bill provides an income tax deduction for a person who makes a contribution to a public or nonprofit private elementary or secondary school to cover school meal debt if the person making the contribution is not the parent of a student or a person otherwise obligated to cover the costs of a student | | | |
| 229 | 435 | | | Farrin | An Act To Increase Investment Caps in the Maine Seed Capital Tax Credit Program | This bill increases the annual cap on eligible investment in any one business eligible for the seed capital tax credit from \$2,000,000 to \$3,000,000 and the aggregate cap on eligible investment in any one eligible business from \$3,500,000 to \$6,000,000. | | | |
| 241 | 1198 | 2/16 | | Curry | An Act To Support the Trades through a Tax Credit for Apprenticeship Programs - | This bill provides an Income tax credit up to \$2,500 for an employer employing an apprentice participating in an apprenticeship program registered by the Maine Apprenticeship Program administered by the Maine Department of Labor. | | | |
| 262 | 658 | 2/16 | | Roberts | An Act To Combat Hunger by Creating a Tax Credit of 10 Percent of Wholesale Market Prices up to \$5,000 Annually for Businesses Engaged in Food Production for Donations of Food to Tax-exempt Organizations - | Income tax credit for producers who donate food to hunger organizations. | | | |

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| 276 | 371 | | | Berry | An Act To Improve and Update Maine's Tax Laws | Concept draft to improve and update tax laws. | | | |
| 288 | 551 | | | Dill | An Act To Conform the Maine Income Tax Law with Federal Law To Exempt Paycheck Protection Program Loans from Being Considered Taxable Income | This bill conforms Maine tax law to federal income tax treatment of loan forgiveness under Section 1106(i) of the federal Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, by providing an income tax exclusion for income attributable to paycheck protection program loan forgiveness that is excluded from federal gross income. | | | |
| 290 | 346 | | | Stewart | An Act To Stabilize Property Taxes for Individuals 65 Years of Age or Older Who Own a Homestead for at Least 10 Years | This bill requires a municipality to maintain the property tax on the homestead of a permanent resident who is at least 65 years of age at the amount billed in the year prior to an application for stabilization. The amount by which the property tax assessed exceeds the stabilized amount must be paid to the municipality by the State. If an eligible individual moves to a different municipality, the stabilized property tax amount continues at the new location. An applicant for stabilization must be a permanent resident of the State and must have owned a homestead for at least 10 years. An application for stabilization must be made each year to continue eligibility. | | | |
| 296 | 206 | | | Cloutier | An Act To Provide a Tax Credit for Family Caregivers | This bill expands the role of the Department of Health and Human Services with respect to the Respite Care Fund to include services for family caregivers. It provides a refundable income tax credit of \$2,000 for certified family caregivers and permits eligible family caregivers to choose to receive services or a tax credit. It requires the department, by routine technical rulemaking, to prescribe the details of eligibility for family caregiver services and the tax credit within the context of the Respite Care Fund and the National Family Caregiver Support Program. The bill requires the department to establish a stakeholder group to assist in carrying out the purposes of the family caregiver program, evaluating the effect of the program and assisting with the compilation of an annual report. The bill requires that revenue losses to the General Fund attributable to the family caregiver income tax credit be reimbursed from the Respite Care Fund and provides that aggregate expenditures under the Respite Care Fund may not exceed \$5,000,000 annually excluding existing funds and federal revenue. | | | |

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| | | | | | | | | FY22 | FY23 |
| 308 | 849 | | | Stewart | An Act To Promote Research and Development in the State by Increasing and Marketing the Research Expense Tax Credit | This bill increases the research expense tax credit by doubling the expenditures eligible for the credit and the maximum amount of the credit that may be claimed. The bill also provides ongoing funds of \$100,000 per year beginning in fiscal year 2021-22 to the Department of Economic and Community Development to advertise and market the research expense tax credit. | | | |
| 328 | 711 | | | Harnett | An Act To Fully Fund and Restore State-Municipal Revenue Sharing | This bill increases state-municipal revenue sharing to 5% from 3.75% in the final 6 months of fiscal year 2020-21. Current law restores state-municipal revenue sharing to 5% beginning in fiscal year 2021-22. | | | |
| 351 | 1552 | 2/23 | | Foster | An Act Regarding Municipal Valuation and State-owned Property | This bill changes the property tax exemption for state-owned property by requiring the State to pay municipal property taxes on the state-owned property in a municipality that exceeds 10% of the total valuation of taxable property in the municipality. | | | |
| 392 | 1798 | | | Terry | An Act To Amend the Tax Laws | This bill is a concept draft pursuant to Joint Rule 208. This bill would amend the tax laws. | | | |
| 401 | 446 | | | Underwood | An Act To Provide a Sales and Use Tax Exemption for Certain Nonprofit Cemeteries | This bill creates a sales and use tax exemption for an incorporated nonprofit cemetery that is exempt from federal income tax under the United States Internal Revenue Code of 1986. | | | |
| 403 | 622 | | | Madigan | An Act To Assist Service Center Communities by Adjusting State-Municipal Revenue Sharing | This bill, for fiscal years 2021-22 and 2022-23, sets the percentage of state-municipal revenue sharing at 4.25%, which is one-half of a percentage point above the amount proposed in the Governor's 2021-2022 budget. | | | |
| 409 | 1054 | | | Riseman | An Act To Provide Funding To Restore Fully State-Municipal Revenue Sharing | This bill increases state-municipal revenue sharing to 5% from 3.75% in the final 6 months of fiscal year 2020-21. Current law restores state-municipal revenue sharing to 5% beginning in fiscal year 2021-22. | | | |
| 412 | 606 | | | Carlow | An Act To Authorize the Use of Tax Increment Financing Funds for Constructing or Renovating Municipal Offices and Other Buildings | This bill permits revenue from tax increment financing districts to be used for the construction or renovation of municipal offices or other buildings and limits the revenue that may be used to \$1,000,000 during a 20-year period for any one tax increment financing district. The bill also corrects a conflict in the Maine Revised Statutes, Title 30-A, section 5225, subsection 1, paragraph C, which was amended by Public Law 2019, chapter 604 and chapter 625, by incorporating the changes made by both laws. | | | |
| 418 | 782 | | | Williams | An Act To Create a Graduated Real Estate Transfer Tax | This bill decreases the rate of the real estate transfer tax on the first \$150,000 of value of a primary residence to \$1.50 for each \$500 or fractional part of \$500 of the value and increases the tax rate on the value of a | | | |

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| | | | | | | primary residence exceeding \$150,000 and on all other property to \$2.50 for each \$500 or fractional part of \$500 of the value. | | | |
| 428 | 1634 | | | Tepler | An Act To Prevent Tax Haven Abuse | This bill requires corporations that file unitary income tax returns in Maine to include income from certain jurisdictions outside the United States in net income when apportioning income among tax jurisdictions. The State Tax Assessor is required to adopt major substantive rules to determine the income or loss attributable to such corporations and to prevent double taxation or deduction of income. The assessor is required to submit an annual report to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding whether jurisdictions should be added to or deleted from the list of tax havens based on specified criteria. | | | |
| 435 | 1319 | | | Picket | An Act To Provide a Sales and Use Tax Exemption for Certain Educational Collaboratives | This bill provides a sales and use tax exemption for an incorporated nonprofit collaborative whose members are regional school units and that is organized to assist those units with professional development opportunities and services. | | | |