

Shaded LDs have been voted
on by the Committee

WS 2/3/22

TAXATION COMMITTEE

2/2/2022 4:25 PM

130th LEGISLATURE 1st REG AND SPECIAL SESSIONS

BILLS CARRIED OVER IN TAX

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
80	88	2/9	4/1	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)	<p>This <u>emergency</u> bill requires:</p> <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. <p>Questions raised at PH:</p> <ol style="list-style-type: none"> 1. Can Maine expect federal \$\$ to support broadband? 2. Is there \$\$ in biennial budget for broadband? 3. Is there federal COVID \$\$ for broadband? <p>4/1 tabled for further discussion.</p>	tabled	<p>MRS preliminary estimate of revenue transfer \$15 to \$20 million per fiscal year beginning in FY 22</p> <p>MRS indicates additional administrative expenses to identify "facilitated sales"</p>	
			2/3/22		SECOND REGULAR SESSION	<p><u>Sponsor proposed committee amendment:</u></p> <ol style="list-style-type: none"> 1. Changes Title 2. Changes start date to 6/1/22 3. Requires annual report to TAX and EUT on use of funds and state connectivity progress 4. Adds a 10-year sunset provision. 			

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

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
1067	679	2/13		Baldacci	An Act To Institute a State Tax Amnesty Program To Increase General Revenue Collections	<p>This bill, for the purposes of encouraging delinquent taxpayers to comply with the law, collecting unreported taxes and accelerating the collection of certain delinquent state tax liabilities, enacts the 2021 Maine Tax Amnesty Program.</p> <p>Under the program, a person with a tax delinquency as of September 30, 2021 may pay the taxes owed, plus half the accrued interest, without incurring a penalty or any other criminal or civil liability. The period during which a delinquency may be paid under the 2021 Maine Tax Amnesty Program is from October 1, 2021 to December 31, 2021. The program is not available for debts for which the State has secured a warrant or civil judgment in the State's favor.</p> <p>From the effective date of this legislation until September 30, 2021, the State Tax Assessor is encouraged to offer a delinquent taxpayer the same benefits of the 2021 Maine Tax Amnesty Program in order to avoid having a taxpayer wait until October 1, 2021 or later to pay the delinquent taxes.</p> <p>MRS: "not warranted at this time.</p>			
			2/3/22		SECOND REGULAR SESSION	Dates will need to be changed.			
1129	228	4/14		Matlack	An Act Relating to the Valuation of Retail Sales Facilities	<p>This bill provides that, in establishing the just value of retail sales facilities,</p> <ol style="list-style-type: none"> 1. Consideration must be given to 3 recognized approaches to valuation of commercial property <ol style="list-style-type: none"> A. cost less depreciation B. income C. comparable sales <p style="text-align: center;">and</p> 2. The assessor must consider the value of reasonably similar properties with regard to age, condition, use, type of construction, location, design, physical features and economic characteristics. 			
			2/3/22		SECOND REGULAR SESSION	Sponsor proposed committee amendment:			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
1289	640	5/6	5/11 5/18	Perry	An Act To Cut Property Taxes for Maine Residential Homeowners	<p>This bill:</p> <ol style="list-style-type: none"> 1. Creates a <u>new income tax rate</u> of 7.95% for tax years beginning on or after January 1, 2022 for income exceeding \$300,000 for single individuals and married persons filing separately, \$450,000 for individuals filing as heads of household and \$600,000 for individuals filing married joint returns or as surviving spouses. 2. The bill also <u>increases the homestead property tax exemption</u> from \$25,000 in 2021 to \$35,000 in 2022, \$45,000 in 2023 and \$55,000 in 2024. <p>MRS has technical concerns.</p>	tabled		
			2/3/22		SECOND REGULAR SESSION	<p>Should beginning year of changes be pushed out one year due to carryover delay? Begin THE increase in 2023 Begin new income tax rate TY 23</p>			
1337	103	4/14		Kessler	An Act To Increase Affordable Housing and Reduce Property Taxes through an Impact Fee on Vacant Residences	<p>This bill <u>creates a residential vacancy impact fee for certain vacant residential property.</u></p> <p>Property is "<u>vacant</u>" if it has not been occupied by a permanent resident at least 180 days during the previous calendar year.</p> <p><u>Vacancy fee is 0.5% of the equalized value of the residential property (excluding land value) each year</u></p> <p>The <u>revenue from the impact fee</u> after reduction for administrative costs, is <u>distributed</u>:</p> <ol style="list-style-type: none"> 1. 50% to the HOME fund to be used to <u>fund affordable housing activities</u> and 2. 50% to the Local Government Fund to be used to <u>reimburse municipalities for the Maine residents homestead property tax exemption</u> (usual revenue sharing distribution formula -- not directly tied to homestead exemption). <p><u>MRS is required to submit a report</u> to the TAX Committee by 12/1 after the first full year after imposition of a vacancy impact fee identifying experience with the impact fee</p>			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
						<p>STA, MeSHA and State Treasurer required to submit data reports to OPEGA.</p> <p>The bill also <u>requires the impact fee to be evaluated</u> by the Office of Program Evaluation and Government Accountability in the same manner as are tax expenditures and identifies policy objectives and performance measures.</p> <p><u>OPEGA notes</u> that the impact fee is <u>not a tax expenditure</u> and different procedure should be followed.</p> <p><u>MRS raises concerns about administrative responsibilities, drafting concerns, state mandate requirements and constitutional concerns.</u></p>			
			2/3/22		SECOND REGULAR SESSION	Sponsor has <u>proposed committee amendment</u> that deletes the language in the bill and substitutes language in Title 30-A <u>authorizing municipalities to adopt vacancy fees.</u>			
1406	847	5/12	5/19	Stewart	An Act To Encourage Relocation to Rural Maine	<p>This bill creates a <u>refundable income tax credit</u> for up to 5 years for a <u>person who relocates from a location that is not a rural area to a location that is a rural area.</u></p> <p>The credit is equal to</p> <ol style="list-style-type: none"> 1. the <u>lesser of the person's property tax bill</u> in the rural area <u>or \$2,000</u> plus 2. lesser of the persons <u>Internet connectivity expenses or \$1,000.</u> <p>The credit <u>may be claimed for a total of 5 years</u> for a person who moves from outside a rural area to a residence within a <u>rural area, defined as Aroostook County, Somerset County, Piscataquis County and Washington County.</u></p> <p>Credit begins with 1/1/22 tax years.</p>	Tabled		

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
						MRS has technical concerns and indicates several areas in the draft where clarification is needed. (See 5/12/21 testimony)			
			2/3/22		SECOND REGULAR SESSION	MRS has technical concerns and indicates several areas in the draft where clarification is needed. (See 5/12/21 testimony)			

PG:\TAXCMTE\130th-2\bill chart WS 2-2-22.docx