

WS 2/17/22

TAXATION COMMITTEE

2/16/2022 MLC

130th LEGISLATURE

2nd 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	
								FY22	FY23
484	1853			Chipman	An Act To Change Maine's Tax Laws	This bill is a concept draft pursuant to Joint Rule 208. This bill would make specific changes to the laws governing taxation that are within the jurisdiction of the Joint Standing Committee on Taxation.	Carried over		
		2/8/22	2/17/22		SECOND REGULAR SESSION	<u>Sponsor proposed amendment</u> to replace "concept" with a <u>change to the distribution of the State share of Real Estate Transfer Tax with 100% of the State's share</u> (after subtraction of amounts needed to cover certain MeSHA bonds) going to the <u>HOME Fund</u> beginning in FY 2022-23.			
1334	1105	5/13	5/10	Salisbury	An Act To Promote Economic Development through Increased Film Incentives	<p>CURRENT LAW provides:</p> <ol style="list-style-type: none"> <u>Nonrefundable income tax credit</u> equal to 5% of <u>nonwage visual media production expenses (VMPE)</u> if company has more than \$75,000 VMPE. <u>Reimbursement for certified production wages:</u> 12% for wages paid to Maine residents and 10% for wages paid to nonMaine residents. <p>This bill makes <u>multiple changes to the tax credits</u> available to <u>visual media production companies</u> operating in the State.</p> <ol style="list-style-type: none"> The bill makes the available <u>tax credits refundable.</u> <u>increases the credits for certain expenses</u> incurred in Maine and for hiring residents of Maine and 	Carried over		

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>3. offers <u>additional credits</u> for visual media productions that are located in certain <u>Maine counties</u>, are set in Maine or have a <u>lead cast member, writer or director who is a Maine resident</u>.</p> <p>The bill also</p> <ol style="list-style-type: none"> 1. <u>reduces the total expenditures needed to qualify for the credits</u>, 2. <u>extends the time period for visual media production companies to certify with DECD and</u> 3. <u>sets a \$500,000 limit on the total value of the tax credits that increases to \$1,000,000 after January 1, 2026</u>. <p>The bill makes other changes necessary for these provisions.</p> <ol style="list-style-type: none"> 1. 			
			2/17		SECOND REGULAR SESSION	<p>Sponsor proposed amendment:</p> <ol style="list-style-type: none"> 2. <u>Replaces bill</u> 3. <u>Increases credit for nonwage expenses from 5% to 10%</u> 4. <u>Changes threshold for eligibility for credit from \$75,000 to \$25,000 of expense</u> 5. <u>Increases payments for services by an individual that may be included from \$50,000 to \$75,000</u> 6. <u>Makes credit refundable</u> 7. <u>Changes reimbursement for Maine residents from 12% to 15%</u>. 			
1732	2066			Gere	An Act To Amend the Sales Tax Exemption for Nonprofit Housing Development Organizations	<p>This bill expands that the sales tax exemption for sales <u>to nonprofit housing development organizations</u>.</p> <p>Current law: provides that the exemption applies only to nonprofit organizations developing housing for "<u>low income</u>" people</p> <p>LD 1732: expands exemption to <u>families having income less than 120% of the U.S. HUD median income for the area, adjusted for family size</u>.</p>	Carried over	MRS estimates revenue loss for current exemption \$50,000-\$249,999/year Currently 163 exempt organizations	
		2/8/22	2/17/22		SECOND REGULAR SESSION				

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1763	2201	2/8		Terry	An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes	EMERGENCY BILL. MRS bill. This bill 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, 2021, for tax years beginning on or after January 1, 2021 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended.			
1941	2143	2/8		Curry	An Act To Clarify and Update the Maine Seed Capital Tax Credit Program	<p>This bill makes changes to improve the effectiveness of the Maine Seed Capital Tax Credit Program based upon concerns raised in the 2021 tax expenditure evaluation report of the OPEGA. The bill makes the following changes.</p> <ol style="list-style-type: none"> 1. It reduces the tax credit from 40% to 30% of the eligible investment. 2. It raises the aggregate investment limit from \$3,500,000 to \$6,000,000 with not more than \$5,000,000 in a single calendar year. 3. It removes from eligibility investments in visual media production companies. 4. It defines export activities more narrowly. 5. It provides standards for review by the FAME of applications for a tax credit certificate. 6. It increases the amount of information required to be provided in annual reports by eligible businesses to the FAME and provides a financial penalty if a credit certificate is revoked for failure to report. 7. It requires an application for a tax credit certificate to be submitted within 60 days after the date of the investment. 8. It prohibits credits for investors and their family members who hold more than 25% interest in the business receiving the investment. 9. It provides that the tax credit for individual investors is refundable. 			

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						10. It requires the <u>state agencies administering the seed capital tax credit to establish a working group to review issues identified by OPEGA report relating to administration of the credit</u> and submit a <u>report making recommendations for improvements to the TAX committee and to OPEGA</u> by December 1, 2022.			
			2/17/22		SECOND REGULAR SESSION				

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