

**TESTIMONY OF  
CHASE HEWITT, STAFF ATTORNEY FOR THE OFFICE OF TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date Wednesday, May 10, 2023 at 10 00am

LD 283 – "An Act to Make Technical Changes to the Tax Laws"

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Senator Grohowski, Representative Perry, and members of the Taxation Committee – good morning, my name is Chase Hewitt, Staff Attorney for the Office of Tax Policy, Maine Revenue Services. I am testifying at the request of the Administration in Support of LD 283, *"An Act To Make Technical Changes to the Tax Laws "*

LD 283 is drafted and submitted by the Department of Administrative and Financial Services. As you may know, Maine Revenue Services ("MRS") prepares one or more bills each year that proposes changes to various existing provisions of Maine law. These changes are made primarily to Title 36. The purpose of LD 283 is to make various technical improvements and clarifications consistent with existing tax administration and other tax-related executive branch functions.

The Department has also submitted another bill titled, "An Act to Amend the State Tax Laws." The difference between the two bills is the nature of the recommendations. Whereas the "Act to Amend" contains substantive changes, this bill contains the technical, non-substantive changes to Maine's tax laws. These changes have no impact on the tax receipts included in recent baseline revenue forecasts by the Revenue Forecasting Committee.

The bill before you, LD 283, makes technical changes to clarify statutory language consistent with ongoing administrative practice, specify eligibility requirements for certain tax exemptions, clarify timing and allowance of limited disclosure of certain information, improve syntax and grammar, update relevant

citations to the Internal Revenue Code, repeal unnecessary and outdated language, and facilitate the removal of expired provisions in Title 36 and references to expired federal tax laws

The Administration is also proposing an amendment to this bill, which can be found in your folder. The amendment makes additional updates to remove gender-specific terms and clarifies that estimated tax payment due dates are based on a taxpayer's tax year, not their fiscal year.

You should also have a chart prepared by MRS that breaks down each provision of the bill, including the proposed amendment, and matches it with the corresponding paragraph from the bill's summary section. This side-by-side chart provides a brief explanation of each provision of the bill.

The Administration looks forward to working with the Committee on the bill, representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions. I can briefly go through the side-by-side chart now, take questions on selected provisions, or wait to address any questions you might have at the Work Session.

**MAINE REVENUE SERVICES**  
**LD 283, “An Act To Make Technical Changes To The Tax Laws”**  
**Proposed Committee Amendment**  
**Hearing Date: May 10, 2023 at 10:00am**

**Amend the bill as follows.**

**Add the following new sections to Part B:**

**Sec. B-15. 36 MRSA §5228, sub-§1**, as amended by PL 2001, c 583, §18, is further amended to read

C-1 ‘Farmer or person who fishes commercially’ means an individual who meets the criteria of section 6654(1)(2) of the Code

**Sec B-16. 36 MRSA §5228, sub-§4**, as amended by PL 2001, c 583, §18, is further amended to read

**4. Due dates for estimated tax installments.** For individuals, trusts and estates, an installment payment is due the 15th day of the 4th, 6th, 9th and 13th month following the beginning of their ~~fiscal-taxable~~ year, except that in the case of farmers and ~~fisherman persons who fish commercially~~, a single installment payment is due on ~~January~~ the 15th day of the 13th month following the beginning of their taxable year For corporations and financial institutions, an installment payment is due on the 15th day of the 4th, 6th, 9th and 12th month following the beginning of their ~~fiscal-taxable~~ year

**Sec. B-17. 36 MRSA §5228, sub-§5, ¶B**, is amended to read

B The taxpayer is a farmer or ~~fisherman~~ a person who fish commercially in which case a single installment is required, or

**Sec. B-18. 36 MRSA §5228, sub-§10**, as amended by PL 2001, c 583, §18, is further amended to read

**10. Farmer or ~~fisherman~~ persons who fish commercially; underpayment.** If an individual is a farmer or ~~fisherman~~ person who fishes commercially for any taxable year, then no penalty may be imposed with respect to any underpayment of the required installment of estimated tax, if on or before ~~March 1st of the following taxable year~~ the 15th day of the 15th month following the beginning of their taxable year, that individual files a return for the taxable year and pays in full his tax liability for the taxable year of the return

## **SUMMARY**

This amendment does the following

- 1 Updates the definition of farmers and persons who fish commercially to remove gender-specific terms,
- 2 Clarifies that the due dates applicable to income tax estimated tax installment payments required to be made by individuals, trusts and estates, corporations, and financial institutions are based on a taxpayer's taxable year

131<sup>st</sup>, 1<sup>st</sup> Session, "An Act to Make Technical Changes "  
Presentation Chart for "131<sup>st</sup>, 1<sup>st</sup> – LD 283 – Legislative Language"

<b>LD 283</b>	<b>Summary</b>
<b>Be it enacted by the People of the State of Maine as follows</b>	
<b>Property Tax</b>	
<b>Sec A-1 36 M R S A § 191, sub-§2, ¶C</b>	Allows disclosure of confidential information to the State Board of Property Tax Review
<b>Sec A-2 36 M R S A § 191, sub-§2, ¶XX</b>	
<b>Sec A-3 36 M R S A § 191, sub-§ 2, ¶YY</b>	
<b>Sec A-4 36 M R S A § 208-A, sub-§2, ¶C</b>	Clarifies that a municipality's equalized tax rate of residential property is the equalized full value tax rate when calculating qualification for sudden and severe disruption assistance
<b>Sec A-5 36 M R S A § 331</b>	Removes the requirement that updates to the property tax assessment manual be made by the State Tax Assessor by rule
<b>Sec A-6 36 M R S A § 652, sub-§1, ¶G</b>	Clarifies that the fixed-dollar parsonage and personal property exemptions for houses of religious worship are based on just value
<b>Sec A-7 36 M R S A § 653, sub-§1, ¶E</b>	Clarifies that only individuals qualify for certain property tax exemptions for veterans and removes gender-specific terms in those provisions
<b>Sec A-8 36 M R S A. § 653, sub-§1, ¶J</b>	
<b>Sec A-9 36 M R S A § 653, sub-§2, ¶B</b>	
<b>Sec A-10 36 M R S A § 4641-C, sub-§15</b>	Makes other technical and grammatical changes to improve the clarity of property tax provisions
<b>Sec A-11 36 M R S A §6251, sub-§1, ¶B</b>	Clarifies that the income and asset limitations of the State Property Tax Deferral Program apply to all of the owners of the property seeking deferral

131<sup>st</sup>, 1<sup>st</sup> Session, "An Act to Make Technical Changes "  
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<b>Sec A-12. 36 M R S A § 6251, sub-§1, ¶C</b>	
<b>Sec A-13 36 M R S A § 6271, sub-§1, ¶C</b>	Facilitates the repeal of the Circuitbreaker Program, which has expired, by moving definitions from that program to current provisions
<b>Income Tax</b>	
<b>Sec B-1 36 M R S A § 151, sub-§1</b>	Clarifies that a petition for reconsideration related to a determination issued by Maine Revenue Services must be filed within the specified time period with Maine Revenue Services in order to be available for review in Superior Court or by the Maine Board of Tax Appeals
<b>Sec B-2 36 M R S A § 5122, sub-§1, ¶X</b>	Repeals the Maine modifications related to the expired federal domestic production activities deduction
<b>Sec B-3 36 M R S A § 5122, sub-§1, ¶BB</b>	Repeals the Maine modification for expired federal unemployment compensation deduction
<b>Sec B-4 36 M R S A § 5122, sub-§1, ¶CC</b>	Repeals the Maine modification for expired federal deferral of discharge of indebtedness income
<b>Sec B-5 36 M R S § 5122, sub-§2, ¶G</b>	Repeals the expired Maine modification for insurance premiums for long-term care insurance subtraction
<b>Sec B-6 36 M R S A § 5122, sub-§2, ¶DD</b>	Repeals the Maine modification for expired federal deferral of discharge of indebtedness income
<b>Sec B-7 36 M.R.S. § 5122, sub-§2, ¶GG</b>	Repeals the expired Maine modification for the subtraction of federal "recovery" amounts from FAGI allowed in tax years 2008 and 2009
<b>Sec B-8 36 M R S A § 5200-A, sub-§1, ¶S</b>	Repeals a modification to corporate income calculation related to domestic production activities claimed in accordance with the American Jobs Creation Act of 2004
<b>Sec B-9 36 M R S A § 5200-A, sub-§1, ¶W</b>	Repeals the Maine modification for expired federal deferral of discharge of indebtedness income

131<sup>st</sup>, 1<sup>st</sup> Session, "An Act to Make Technical Changes "  
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<b>Sec B-10. 36 M R S A § 5200-A, sub-§2, ¶U</b>	Repeals the Maine modification for expired federal deferral of discharge of indebtedness income
<b>Sec B-11 36 M R S A § 5219-K, sub-§3</b>	Clarifies Maine Revenue Services' rule-making authority regarding the Maine research expense income tax credit by correcting an erroneous reference to the federal Internal Revenue Code of 1986, removing unnecessary and confusing language and making the rule-making requirement discretionary
<b>Sec B-12 36 M R S A § 5219-K, sub-§6</b>	
<b>Sec B-13 36 M R S A § 5219-KK, sub-§1, ¶A-1</b>	Clarifies that the benefit base under the property tax fairness credit includes property tax payments, and not payments of rent constituting property taxes, under the State's property tax deferral program
<b>Sec B-14 36 M R S A § 5219-KK, sub-§2-E</b>	Provides that the additional credit for permanently and totally disabled veterans under the property tax fairness credit is limited to the total taxes paid by the taxpayer and by the State on behalf of the taxpayer pursuant to the property tax deferral program, if any
<b>Sales Tax</b>	
<b>Sec C-1 23 M R S A § 4210-B, sub-§7-A</b>	Removes the word "pickup" from the phrase "pickup trucks" in the Multimodal Transportation Fund transfer to align with the removal of the word in the corresponding sales tax provisions by Public Law 2021, chapter 578
<b>Sec C-2 36 M R S A §191, sub-§2, ¶H</b>	Clarifies the confidentiality exemption for disclosing registration, revocation of registration or exemption certificate information by providing that the allowable disclosure is limited to the disclosure of information applicable to the previous 6 years
<b>Sec C-3 36 M R S A §191, sub-§2, ¶EE</b>	

131<sup>st</sup>, 1<sup>st</sup> Session, "An Act to Make Technical Changes "  
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<b>Income Tax Amendments</b>	
<b>Sec B-15 36 MRSA §5228, sub-§1</b>	Updates the definition of farmers and persons who fish commercially to remove gender-specific terms
<b>Sec B-16 36 MRSA §5228, sub-§4</b>	
<b>Sec B-17 36 MRSA §5228, sub-§5, ¶B</b>	
<b>Sec B-18 36 MRSA §5228, sub-§10</b>	Clarifies that the due dates applicable to income tax estimated tax installment payments required to be made by individuals, trusts and estates, corporations, and financial institutions are based on a taxpayer's taxable year