

Shaded LDs have been voted on by the
Committee

WS 5/18/2023

**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
1268	232	5/11	5/18	Doudera	An Act to Provide for a Local Motor Vehicle Excise Tax Exemption for Qualifying Volunteer Firefighters and Emergency Medical Services Persons	<p>This bill <u>allows a municipality to provide an exemption from annual excise tax for one vehicle owned, separately or jointly, by:</u></p> <ol style="list-style-type: none"> 1. a <u>resident of that municipality</u> 2. who is a <u>volunteer firefighter or volunteer EMS person,</u> 3. Who has actively served during the previous 12 months 4. as long as that <u>vehicle is used to perform those volunteer services.</u> 5. <u>Municipality made impose additional conditions.</u> <p>MRS has technical and substantive concerns.</p> <p>Potential Concerns from the Maine Constitution. (IX,8 and IX,9)</p> <p>Local option for exemption may subject the vehicle to property tax.</p>			

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	
								FY24	FY25
1338	1962	5/17	5/18	Collings	An Act to Amend the Maine Exclusion Amount in the Estate Tax	<p>This bill returns the exclusion amount, below which the Maine estate tax does not apply, to \$2,000,000 from the \$5,600,000 in current law for estates of decedents dying on or after January 1, 2024.</p> <p>The Treasurer of State would be required to credit <u>100% of the revenues generated</u> by the reduction in the exclusion amount to the Maine State Housing Authority <u>to be used to support affordable housing</u>. <u>Twenty-five percent</u> of the amount credited to MeSHA must be used to support <u>affordable housing for veterans</u>.</p> <p>The bill also creates an <u>additional exclusion amount</u> from the estate tax <u>for family farms and aquaculture, fishing and wood harvesting businesses of up to \$3,800,000</u>. This additional exclusion applies to farmland or depreciable machinery and equipment used in agriculture, aquaculture, fishing or wood harvesting that is inherited by a family member and remains in commercial use for 5 years following transfer.</p> <p>MRS has technical concerns</p>		<p>MRS estimates</p> <p>Admin costs Still under consideration</p> <p>Revenue gain \$17,000,000 annually</p>	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY24	FY25
1544	1661	5/4	5/18	Terry	An Act to Improve Economic Security for Maine Children by Establishing the Maine Dependent Tax Credit	<p>This bill enacts a new Maine dependent income tax credit to replace the existing dependent tax credit tax credit for tax years beginning in 2023 or after.</p> <p>Current credit: \$300 for each child and dependent of the taxpayer for whom the federal child tax credit is claimed for the same year. The credit is reduced if the taxpayer's FAGI exceeds \$400,000 (married joint) or \$200,000 (other filers).</p> <p>The bill: The dependent tax credit created by this bill is available for a <u>dependent who has resided with the taxpayer claiming the credit for at least 6 months of the tax year and for whom the taxpayer has provided more than 50% of that dependent's financial support during the tax year.</u></p> <p>The tax credit is <u>fully refundable and may not be counted as income, an asset or a resource for purposes of state or municipal benefits.</u></p> <p>The tax credit for 2023 is \$350 for each dependent but is annually indexed for inflation.</p> <p>The bill <u>requires the State Tax Assessor to make the application for the child tax credit available as part of the sales tax fairness credit or property tax fairness credit application or through another simplified application.</u></p> <p>The STA is <u>required to work with the Commissioner of Health and Human Services to make the application for the credit available from the Department of Health and Human Services' state benefits web portal, My Maine Connection.</u></p> <p>Finally, the bill <u>requires the STA to include in the "red book" specific information about the tax credit, including the number of taxpayers claiming the credit and the number of children and dependents claimed in order to obtain the tax credit.</u></p>		<p>MRS estimates of LD 1062 (2021)</p> <p>Admin costs not yet clear</p> <p>Rev. impact. Refundability at \$300 \$25,000,000 annually Increase to \$350 not provided</p>	

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								FY24	FY25
1720	973	5/11	5/18	Bennett	An Act to Phase Out the Insurance Premium Tax on Annuities	<p>Current insurance premium tax on annuity considerations: <u>2% per year</u></p> <p>This bill <u>phases out the insurance premium tax on all annuity considerations over 10 years</u> beginning in 2024 and</p> <p><u>provides that during the phase-out period the retaliatory tax on non-Maine insurance companies does not apply.</u></p> <p>The bill <u>also specifies that certain deductions related to annuities may be deducted only from annuity considerations for tax periods beginning on or after January 1, 2024.</u></p> <p>Nearly identical bill in the 130th Legislature (LD 1062, Cloutier) died on the Appropriations Table in 2022.</p>		MRS estimates	
								Admin costs	\$33,000 one-time computer costs
								Revenue estimate on LD 1062 is 2011	
								FY 22	\$303,000
								FY 23	\$800,000
								FY 24	\$1,380,000
								FY 25	\$1,970,000