

Shaded LDs have been voted on by  
the Committee

# WS 5/24/2023pm

TAXATION COMMITTEE  
131<sup>st</sup> LEGISLATURE  
1st REG SESSION  
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| LD  | LR   | PH   | WS                  | SPONSOR | TITLE  | SUMMARY<br>(Summaries may not reflect content of most recent committee action)   | COMM ACTION      | FISCAL IMPACT <sup>1</sup>   |      |
|-----|------|------|---------------------|---------|--|--|------------------|--|------|
|     |      |      |                     |         |  |  |                  | FY24   | FY25 |
| 713 | 1934 | 3/7  | 3/21<br>4/4<br>5/24 | Andrews | RESOLUTION, Proposing an Amendment to the Constitution of Maine to Dedicate a Portion of Sales and Use Taxes from All Motor Vehicle Sales and Motor Vehicle-related Sales to the Highway Fund for Road and Bridge Capital Improvements | <p>This resolution proposes to <u>amend the Constitution of Maine to dedicate to the Highway Fund for road and bridge capital improvements 50% of sales and use tax revenue from sales of motor vehicles and sales related to motor vehicles.</u></p> <p>Bill <u>reflects recommendations of the Blue Ribbon Commissions to Study and Recommend Funding Solutions for the State's Transportation Systems. (2019, 2020).</u></p> <p>MRS indicates need for <u>clarifications in language</u> and indicates an <u>estimated GF loss</u> of approximately \$200 million per year. Possible conflict with transfers to <u>Multimodal Transportation Fund.</u></p> <p>4/4 parties need more time to work something out.</p> | 4/4 not taken up | MRS estimates<br>GF loss of approximately \$200 million per year.                                |      |
| 854 | 2197 | 5/11 | 5/24                | Sayre   | An Act to Fund the Protection and Restoration of Riparian and Estuarine Ecosystems and to Impose an Excise Tax on Certain Bottled Water Operators  | <p>This bill creates an <u>excise tax of 5¢ per gallon on bottled water operator that extracted more than 1,500,000 gallons of groundwater or surface water for commercial bottling for sale in the previous calendar year.</u></p> <p>Revenue from the excise tax is allocated to the Land for <u>Maine's Future Fund to acquire, restore or protect riparian or estuarine lands in the State that are essential to protecting aquifers, surface waters or intertidal waters on which human and natural communities depend.</u></p>   |                  | MRS estimates<br>Admin costs \$140,000 to set up computer system<br>Revenue impact: Not provided |      |

<sup>1</sup> . 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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|      |      |      |                      |         |  |  |             | FY24  | FY25 |
| 1276 | 1824 | 4/13 | 4/25<br>5/16<br>5/24 | Reny    | An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses | <p>This bill does the following to support employee-owned businesses and cooperatives.</p> <ol style="list-style-type: none"> <li>1. It <u>excludes from Maine income tax</u> the amount of <u>gain, up to a maximum of \$750,000</u>, recognized by a business owner <u>in transferring the business to an employee stock ownership plan, eligible worker-owned cooperative, consumer cooperative, affordable housing cooperative or agriculture producer cooperative.</u></li> <li>2. It <u>excludes from Maine income tax interest from loans that finance transfers of ownership</u> as provide in item 1.</li> <li>3. It <u>requires the DECD, Office of Business Development to contract with a nonprofit development organization with relevant expertise to develop and manage the Maine Employee Ownership Center to provide information and programs to assist businesses in the transition to employee or cooperative ownership.</u></li> <li>4. It <u>specifies performance measures</u> for OPEGA/GOC tax expenditure review process.</li> </ol> <p>Maine Revenue Services has technical concerns</p> <p>Sponsor amendment to remove provisions of the bill taxing interest on loan to facilitate qualified transfer of business.</p> | tabled      | <p>Maine Revenue Services Estimates</p> <p>Admin costs: \$77,000 (one-time computer programming)</p> <p>Revenue loss(annual)<br/>\$400,000 to \$500,000</p> |      |

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| 1504 | 2190 | 4/26 | 5/10<br>5/16<br>5/24 | Terry   | An Act to Exempt Broadband Equipment from the Sales and Use Tax   | <p>This bill provides a <u>sales tax exemption for sales of machinery and equipment used to provide broadband communications service to a broadband communications service provider.</u></p> <p><u>MRS has technical concerns; need for language clarification.</u></p> <p><u>Sponsor amendment</u> to require that exemption only applies if the provider uses the amount of the exemption to reinvest an equal amount of additional machinery and equipment used to provide broadband communications service (in underserved areas?) in the State in the following year.</p>  | tabled      |                            |      |
| 1685 | 1518 | 5/11 | 5/24                 | Matlack | An Act to Increase Acreage Eligibility and Change Requirements for Filing Plans Under the Maine Tree Growth Tax Law | <p>This bill <u>amends the Maine Tree Growth Tax Law</u> by:</p> <ol style="list-style-type: none"> <li><u>increasing the acreage eligibility requirement from 10 to 25 acres of forested land beginning April 1, 2025.</u></li> <li><u>Authorizing municipal assessors and the State Tax Assessor to retain copies of required forest management and harvest plans and with assistance from the Director of the Bureau of Forestry within the Department of Agriculture, Conservation and Forestry to determine the sufficiency of a plan to meet the requirements of the law.</u> Forest management and harvest plans retained by a municipal assessor or the State Tax Assessor are confidential and not public records.</li> </ol> <p>MRS has technical concerns.</p> |             |                            |      |

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|      |      |     |      |         |   |   |             | FY24   | FY25 |
| 1743 | 1009 | 5/3 | 5/24 | Andrews | An Act to Eliminate the Personal Property Tax   | <p>This bill:</p> <ol style="list-style-type: none"> <li><u>Eliminates the imposition of taxes on personal property</u>, except for excise taxes and sales and use taxes.</li> <li>Due to the elimination of personal property taxation, this bill <u>also eliminates BETR and BETE</u>.</li> <li>The legislation applies to <u>property tax years beginning on or after April 1, 2024</u>.</li> </ol> <p>MRS – raises constitutional questions.<br/>May require 50% reimbursement to municipalities.</p>   |             |  |      |
| 1747 | 1078 | 5/9 | 5/24 | Arata   | An Act to Return the Sales Tax Rate to 5 Percent  | <p>This bill decreases the general sales tax rate from 5.5% to <u>5.25% beginning October 1, 2023 and to 5% beginning July 1, 2024</u>.</p> <p>This bill does not change the rate of the sales tax imposed on prepared food, lodging, rental vehicles, liquor or adult use cannabis.</p> <p>MRS has technical concerns and especially would need additional time before implementation to be able to administer proposed changes.</p>   |             | MRS estimates<br>Annual revenue loss \$150,000,000 |      |
| 1774 | 1077 | 5/9 | 5/24 | Arata   | An Act Exempting Certain Emergency Distributions and Emergency Savings Accounts from Taxation | <p>This bill provides for an <u>IT deduction of the following amounts</u> from FAGI for purposes of <u>calculating MAGI gross income</u> (subtraction modification):</p> <ol style="list-style-type: none"> <li>An amount constituting <u>an emergency personal expense distribution from an eligible retirement plan</u> allowed under the federal Consolidated Appropriations Act, 2023, Public Law 117-328, Division T, Section 115; and</li> <li><u>Any capital gains, dividends or interest earned in pension-linked emergency savings accounts</u> described</li> </ol> |             |  |      |

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|      |      |      |      |         |   | under the federal Consolidated Appropriations Act, 2023, Public Law 117-328, Division T, Section 127.<br><br>Sponsor provided text of relevant federal laws with her testimony  |             |                            |      |
| 1873 | 1495 | 5/18 | 5/24 | Brakey  | An Act to Provide Heating Relief with Tax-free Home Energy Savings Accounts | This bill <u>establishes the Home Energy Savings Account Program, to be administered by FAME to allow individuals and married couples to open a home energy savings account into which annual deposits of up to \$2,500 for an individual and \$5,000 for a married couple may be made to be used for home weatherization and heating or electricity cost of a residence in Maine.</u> Balances in an account carry forward each year.<br><br>The <u>amount deposited is exempt from Maine income tax but may be used only for the weatherization of the account holder's residence or the payment of fuel or electricity costs incurred for heating the account holder's residence. If used for another purpose are subject to income tax.</u> |             |                            |      |
| 1894 | 1380 | 5/18 | 5/24 | Boyer   | An Act to Establish a Home Heating Income Tax Deduction                     | This bill allows an individual taxpayer an <u>income tax deduction (subtraction modification) for costs incurred by the taxpayer for electricity, oil, wood or other fuel used to heat the taxpayer's primary residence located in this State.</u><br><br><u>NOTE FYI: There has long existed sales tax exemptions for coal, oil, wood and all other fuels, gas, when bought for cooking and heating in buildings designed and used for both human habitation and sleeping and up to 750 kilowatt hours of residential electricity.</u>   |             |                            |      |