

Shaded LDs have been voted on by the Committee

2/18/20

TAXATION COMMITTEE

jsj

129<sup>th</sup> LEGISLATURE

1st REG SESSION -- CARRIED OVER IN TAXATION COMMITTEE

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
133	542	4/9	4/17 5/16	Evangelos	An Act To Fully Restore State-Municipal Revenue Sharing for Fiscal Year 2018-19	This bill restores state-municipal revenue sharing to 5% from 2% for the entire fiscal year 2018-19. The law currently requires revenue sharing to revert to 5% beginning July 1, 2019.  <u>Part H of the biennial budget, PL 2019, chapter 343, sets the state municipal revenue sharing at 3% of the revenue sharing base in FY 20 and 3.75% of the revenue sharing base in FY 21. Percentage returns to 5% beginning in FY 22.</u>	Carry over	Preliminary 2019 estimate MRS FY 19 (\$99,882,246)  <b>Fiscal impact of Part H:</b> FY 20 \$68,513,071 FY 21 \$46,705,289 (This represents savings to the GF because under existing law RevSh would have returned to 5% on 7/1/19)	
2d Reg 2020			1/23				ONTP	FN will need to be revised.	
162	167	2/6	2/20 4/10 5/16	Bellows	An Act To Eliminate the State Income Tax on Maine Public Employees Retirement System Pensions	<u>Current Maine law:</u> All Social Security benefits are exempt from IT. Pension exemption (public or private): 100% military pensions; all other, \$10,000  <u>This bill provides an 100% income tax exemption for retirement benefits from uncovered civil service retirement plans (UCSR plans).</u>  <u>Issue addressed by the bill:</u> Retirement benefits under state, local or federal government retirement plans that are based on employment compensation for which contributions are not made to the federal Social Security system (uncovered civil service retirement (UCSR) plans) may	Carry over	2019 Preliminary estimate MRS <u>Original bill</u> Rev impact (\$30,000,000) Admin cost Annual can be absorbed	

<sup>1</sup> . 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 <sup>1</sup>	
								FY19	FY120
						<p>result in reductions in the amount of Social Security benefits that a retiree is eligible to receive under the federal windfall elimination provision (retiree) or the government pension offset (spouse and surviving spouse). The formulas are complicated.</p> <p><b>WS 2/20/19 Voted OTPA to increase deduction amount for uncovered pension by \$5,000 per year until it reaches \$30,000 then maximum SSA pension for person who retires at age 66.</b>  <b>Held for MRS/sponsor concerns.</b>  <b>5/16 Reconsidered. Voted to carry over</b></p> <p><b>Similar bill from 2019:</b>  LD 1019 as amended would increase the general pension deduction from \$10,000 to \$35,000 over a five year period. Carried over on the Appropriations Table</p>			
			2/4/20				OTPA		
163	409	4/23	4/30	Farrin	An Act Regarding Property Tax Relief for Veterans	<p>This bill provides enhanced property tax exemptions for certain veterans. A veteran regardless of age becomes eligible for</p> <ol style="list-style-type: none"> <li>1. a \$25,000 exemption if the veteran has served at least 90 days of active service and has served in a combat zone.</li> <li>2. A veteran with a service-connected disability becomes eligible for <ol style="list-style-type: none"> <li>A. a \$50,000 exemption if the disability is rated 50% to 90% and</li> <li>B. a \$100,000 exemption if the disability is rated 100%.</li> </ol> </li> </ol> <p>A surviving unremarried spouse, minor child or parent who is receiving a pension based on the service of a deceased veteran qualifies for the same exemption the veteran would have been eligible for.</p> <p>A municipality is reimbursed for the constitutionally mandated 50% of the property tax revenue loss as a result of the enhanced exemption.</p>	carryover	<p><u>Preliminary MRS fiscal estimate:</u></p> <p>None provided</p>	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
						<p><u>Sponsor proposed amendment to reimburse municipalities 100% of revenue loss. MRS has drafting concerns.</u></p> <p><u>See LD 1042 also carried over by TAX.</u></p> <p><u>LD 1194 increasing general exemption to \$10,000 and reimbursing municipalities for 100% of loss carried over on Appropriations Table.</u></p>			
	2d Reg 2020		2/11			See LD 1042	ONTP		
403	257		5/16	Tipping	An Act To Prevent Tax Haven Abuse	<p>This bill requires <u>corporations that file unitary income tax returns in Maine to include income from certain jurisdictions outside the United States in net income when apportioning income among tax jurisdictions.</u></p> <p><u>The State Tax Assessor is required to adopt major substantive rules to determine the income or loss attributable to such corporations and to prevent double taxation or deduction of income.</u></p> <p><u>The assessor is required to submit an annual report to TAX committee regarding whether jurisdictions should be added to or deleted from the list of tax havens based on specified criteria.</u></p> <p><u>This bill was carried over without having a public hearing to permit time to evaluate experience with changes at the federal level.</u></p>	Carry over	<p><u>Preliminary MRS fiscal estimate:</u></p> <p>None provided</p>	
	2d Reg 2020	2/13 2020	2/19			PH 2/13 Sponsor submitted proposed amendment adding "foreign-derived intangible income" (FDII) to income addition modifications for tax years beginning on or after 1/1/20.	OTPA/ ONTP		
420	573	3/6	3/13 6/6	Collings	An Act To Amend the Maine Exclusion Amount in the Estate Tax	This bill <u>reduces the exclusion amount, below which the Maine estate tax does not apply, to \$2,000,000 from \$5,600,000 for estates of decedents dying on or after January 1, 2020 and removes the annual adjustment for</u>	OTPA-8/ ONTP-5 Carry over	<p>Preliminary estimate MRS</p> <p>Rev impact      \$13,500,000 Annual</p>	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
						<p>inflation of that exclusion amount. LD 518 (ONTP) proposed to reduce the exclusion to \$1,000,000.</p> <p>2017 federal TCJA doubled the federal estate tax exclusion from \$5,600,000 to \$11,200,000. Maine retained the exclusion at \$5,600,000 (indexed annually).</p> <p>MRS has concerns with regard to indexing resolved in C "A".</p> <p><b><u>Minority ONTP report was accepted in the House; Majority OTPA report failed in Senate. Bill committed back to TAX and carried over.</u></b></p>		Admin cost FY 21 \$492,507 FY 22 \$492,150	
2d Reg 2020									
451	325	2/26	3/7	Moore	<p>An Act To Repeal the Recently Enacted Changes to the Law Governing</p> <p>Tax Lien Foreclosure</p>	<p>This bill removes the provisions enacted in Public Law 2017, chapter 478 that established a preforeclosure process that municipalities must use in order to foreclose on homestead property for nonpayment of property tax if the owner is 65 years of age or older and has income and liquid assets below specified limits.</p> <p><b><u>CURRENT LAW repealed by LD 451:</u></b> PL 2017, chapter 478 enacted the following foreclosure provisions:</p> <ol style="list-style-type: none"> <li>1. Specific <u>notice requirements</u> regarding the foreclosure process on the State Tax Assessor and municipalities;</li> <li>2. <u>Protects eligibility for homestead exemption if ownership is restored after foreclosure</u></li> <li>3. If municipality choses to sell certain covered foreclosed property it is <u>must use real estate broker, sell at fair market value or anticipated value and pay net proceeds to former owner.</u></li> </ol> <p><b><u>Sponsor requested at PH that bill be amended to remove Sec. 1 from bill (i.e. to retain c. 478 protection for homestead exemption eligibility).</u></b></p> <p><b><u>3/7 Voted to carryover to allow more time to evaluate experience with new law.</u></b></p>	Carry over	<p>2019 State fiscal impact Rev impact None</p> <p>Admin cost Minor savings</p> <p>No info on municipal impact.</p>	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
	2d Reg 2020		2/4/20				ONTP		
564	838	4/24	5/1 5/15	Blume	An Act To Encourage the Installation of Solar Panels on Residential Property	<p>This bill provides a <u>property tax exemption</u> for the following <u>installed on</u> property that qualifies for a <u>homestead exemption</u>::</p> <ol style="list-style-type: none"> <li><u>solar panels</u> and</li> <li><u>equipment necessary for operation</u> of the solar panels</li> </ol> <p><u>PL 2019 c. 440 (LD 1430) provides a property tax exemption for solar and wind energy equipment that generates heat or electricity that is used on site or is transmitted to a utility through a net-billing system. MRS to develop assessment guidance for municipalities.</u></p>	Carry over	<p><u>Preliminary 2019 estimate MRS</u></p> <p>Rev impact (\$125,000) increasing in later years</p> <p>Admin cost \$100,000 annually</p>	
	2d Reg 2020		1/23				ONTP		FN will need to be revised
609	1234	3/27	4/3 5/7	Terry	An Act To Provide Municipalities Additional Sales Tax Revenue from Lodging Sales	<p>This bill provides an incremental sales tax of 1% for those sales currently subject to the 9% sales tax on lodging. The incremental revenue, after reduction for administrative costs, is returned to the municipality or unorganized territory to which the revenue is attributable. The amount received may not be used to reduce any other state aid or revenue sharing to municipalities or the unorganized territory.</p> <p><u>See related chart in folder (yellow)</u></p> <p><u>MRS concerns</u></p> <p><u>AG's opinion requested RE: constitutional issues.</u></p> <p><u>Response indicated:</u></p> <ol style="list-style-type: none"> <li><u>Legislative authorization likely required for local option sales tax</u></li> </ol>	carryover	<p><u>Preliminary fiscal estimate MRS</u></p> <p><u>Admin costs:</u></p> <p>\$21,000 plus costs of developing report of info needed to calculate amount due municipality</p>	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
						2. <u>Impact of Wayfair case cannot be determined at this time.</u>			
731	723		6/6	Tipping	An Act To Amend the Maine Tax Laws	This bill is a concept draft pursuant to Joint Rule 208.  This bill proposes to amend the Maine tax laws.  <b><u>No public hearing held.</u></b>	Carry over		
			2/20						
			2/20						
903	868	3/13	3/21 6/6	Cuddy	An Act To Improve Corporate Tax Fairness by Amending the Rates Imposed on Corporate Income	This bill changes corporate income tax rates/brackets for tax years beginning on or after January 1, 2020.  <u>Current law corporate IT rates:</u> \$0-\$350,000 3.5% \$350,000 - \$1,050,000 7.93% \$1,050,000-\$3,500,000 8.33% \$3,500,000+ 8.93%  <u>Under the bill, corporate IT rates are:</u> \$0-\$350,000 3.5% \$350,000 - \$1,050,000 7.93% \$1,050,000-\$2,000,000 8.33% \$2,000,000-\$3,000,000 8.5% \$3,000,000-\$3,500,000 8.75% \$3,500,000+ 9%  MRS does not have concerns  <b><u>6/6 Voted to carry over.</u></b>	Carry over	<u>2019 Preliminary estimate MRS</u>  Rev impact \$1.7 million/year  Admin cost can be absorbed	
			2/11				ONTP		
			2/11						
			2/11						

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
989	1241		5/16	Chipman	An Act To Improve Maine's Tax Laws	This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to amend Maine tax laws to improve the application and efficacy of the tax laws.  <b><u>This bill was carried over with no public hearing held in 2019.</u></b>	Carry over		
2d Reg 2020		2/13 2020	2/19			PH 2/13 Sponsor submitted proposed amendment to enact property tax exemption for property owned and occupied or used solely for their own purposes by central labor bodies.	OTPA/ ONTP	MRS estimates: Non received.  50% reimbursement for revenue loss is required by Maine Constitution.	
1042	1721	4/23	4/30	Roberts-Lovell	An Act To Exempt Disabled Veterans from Property Taxes in Accordance with Their Disability Ratings	This bill permits a veteran with a service-connected disability rated by the United States Department of Veterans Affairs at 30% or greater to choose to have the homestead exemption equal to <u>50% of the just value of the homestead multiplied by the veteran's percentage disability rating.</u>  This calculation of the homestead exemption replaces the current homestead exemption of \$20,000 and separate exemptions for veterans and legally blind persons.  The bill requires the State to reimburse municipalities for 75% of the revenue loss attributable to the new exemption.  Part H of the biennial budget (PL 2019, c. 343) increased the homestead exemption for all from \$20,000 to \$25,000 and increased State reimbursement to municipalities from 62.5% to 70%.  <b><u>See LD 1042 also carried over by TAX.</u></b>  <b><u>LD 1194 increasing general veterans' exemption to \$10,000 and reimbursing municipalities for 100% of loss carried over on Appropriations Table.</u></b>	carryover		
2d Reg			2/11				OTPA		

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
2020									
1076	1507	4/11	4/18 5/7	Berry	An Act To Account for Market Change in the Adult Use Marijuana Excise Tax	<p>Current law: Excise tax on marijuana sold by cultivation facility:</p> <ol style="list-style-type: none"> <li>1. Flower and mature plants: \$335 per pound</li> <li>2. Trim: \$94 per pound</li> <li>3. Immature plants/seedlings: \$1.50 per plant or seedling</li> <li>4. Seeds: \$ .30 per seed.</li> </ol> <p>This bill changes the excise tax on adult use marijuana cultivation facilities from a tax based on quantity to a tax based on a percentage of the average market price for the category of marijuana sold. The bill requires the average market price to be determined quarterly by the DAFS. The tax would not apply to sales by a cultivation facility to a licensee with which it is vertically integrated.</p> <p>MRS has concerns about determination of "average market price," potential revenue volatility and vertically integrated facilities.</p> <p><b>5/6 Voted to carry over.</b></p>	carryover	<u>Preliminary 2019 estimate MRS</u>  Rev impact            under review  Admin cost            \$16,000	
2d Reg 2020			1/23				ONTP	FN will need to be revised.	
1150	1296	3/28	5/30	Martin	An Act To Amend the Maine Tree Growth Tax Law To Encourage Public Access	<p>This bill <u>excludes from</u> current use valuation under the Maine Tree Growth Tax Law a <u>parcel of land to which public access for recreational use is limited or prohibited.</u></p> <p>MRS has administrative and constitutional concerns. May require reapplication of all tree growth parcels to ensure compliance.</p> <p><b>Sponsor requested carry over.</b> <b>5/30 voted to carry over.</b></p>	Carryover	2019 Preliminary fiscal impact MRS  Fiscal impact: \$125,000 mandate costs  Admin costs: \$48,396	
2d Reg 2020			2/4/20				ONTP/ OTPA		



LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
1156	1603	3/26	4/2 4/10 4/18 5/6 5/15	Stewart	An Act To Create the Savings Account Program for Small Businesses	<p>This bill establishes the Savings Account Program for Small Businesses to be administered by FAME. Eligible small businesses must be certified by FAME if they:</p> <ol style="list-style-type: none"> <li>1. Are incorporated in Maine</li> <li>2. Have 99 or fewer employees</li> <li>3. Pay unemployment taxes</li> <li>4. Are covered by Worker's Comp law.</li> <li>5. Have a savings account at a financial institution to which total contributions in tax year do not exceed \$250,000, that any withdrawals are used for business purposes and that all funds are withdrawn within one year of dissolution of business.</li> </ol> <p>Certified corporations are entitled to IT credit up to 100% of the amount contributed to the eligible savings account. Credit may not exceed \$250,000 per tax year.</p> <p>Amounts withdrawn from account by certified corporation are added to taxable income.</p> <p>4/2 Tabled Sponsor working on amendment with MRS and DECD Technical issues</p> <p>4/10 Tabled till 4/18 for sponsor to work with DECD</p> <p>Needs application date. MRS has language and technical concerns.</p> <p>4/18 Tabled for sponsor to work with MRS on language: other issues</p> <p>5/6 Tabled for sponsor to work with MRS on language</p> <p>5/15 Voted to carry over</p>	Carry over	<u>Preliminary 2019 fiscal impact MRS</u> Fiscal impact: Potentially substantial Admin costs (original bill): FY 20 \$170,694 FY 21 \$104,600	
2d Reg 2020			1/23			Tabled for sponsor to continue work on amendment	Tabled	FN will need to be revised.	
1163	2037	5/22	5/23	Lawrence	An Act Regarding Energy, Utilities and Technology	This bill is a concept draft that proposes to amend the lw regarding energy, utilities and technology.	carryover		

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
						<p>This bill was originally referred to EUT and had a public hearing in EUT on 4/24/19 where the sponsor presented an amendment to establish a tax credit for eligible high-speed internet providers investing in qualified projects to provide high-speed internet in rural areas at qualifying speeds and prices for a period of at least 5 years.</p> <p>EUT voted to rerefer the bill to TAX.</p> <p><u>Sponsor provided proposed amendment at PH:</u>  1. Provides IT credit to eligible high-speed internet provider that has completed a qualified project:  1. \$1,000 per qualified customer. "Qualified customer" is an end user receiving high speed internet services at a minimum of 20 Mbps downstream and 20Mbps upstream.  2. \$7,500 per mile of fiber optic cable installed where average of more than 8 homes per mile  3. \$10,000 per mile if average of fewer than 8 homes per mile  2. Applies to TYs beginning on or after 1/1/19  3. Credit is not refundable  4. Credit may carry over up to 10 years  5. Credit may not exceed cost of project.  6. DECD determines qualified projects and stating if a project is eligible for a tax credit, the number of miles of fiber optic cable and the number of qualified customers that gained access to high-speed internet at qualifying speeds during the tax year.</p> <p>DECD testified at PH that this was not a priority for administration funding. Administration is pursuing other avenues to increase broadband expansion.</p> <p><u>5/23 Voted to carry over.</u></p>			
			1/23				ONTP		
1254	231	3/27	4/3 5/7	Sylvester	An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder	This bill allows a municipality to impose a local option sales tax, which <u>may be seasonal</u> , on <u>prepared food</u> , not including marijuana or marijuana products, and <u>short-term lodging</u> of no more than 1% if approved by	ONTP-7/ OTPA-6	Preliminary estimate MRS MRS Admin costs still being researched.	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
						<p>referendum of the voters in that municipality. Revenue from the local option sales tax is distributed 85% to the municipality and 15% to all other municipalities. The 15% distributed to a municipality must be used by that municipality for the purposes of preventing and treating opioid use disorder in that municipality. Revenue received by a municipality may not be used to reduce or eliminate funding otherwise due the municipality under other provisions of law.</p> <p><u>See related chart (yellow)</u> MRS concerns 4/3 tabled for further consideration and AG's opinion</p> <p><u>AG's opinion:</u> 1. <u>Legislative authorization required for local option sales tax</u> 2. <u>Impact of Wayfair case cannot be determined at this time.</u></p> <p><u>CA "A" (adopted by the House but not the Senate) limited the local tax to 1% and required it be imposed year-round. It changed distribution of revenue to 75% for imposing municipality and 25% for Maine rural development.</u></p> <p><u>HA "A" (adopted by the House but not the Senate) limited tax to lodging.</u></p> <p><b><u>Bill was recommitted to TAX and carried over</u></b></p>	Re-committed Carry over		
2d Reg 2020									
1647	2135	5/6	5/14	Berry	An Act To Provide Tax Fairness to Maine's Middle Class and Working Families	<p><b><u>INCOME TAX RATES:</u></b> This bill, for tax years beginning on or after January 1, 2020, <u>requires payment of a tax equalization assessment for a tax family that:</u></p> <ol style="list-style-type: none"> <li>has individual effective tax rate that is less than the average effective tax rate on state and local taxes paid by the bottom 99% of tax families and</li> <li>an expanded income of at least:</li> </ol>	Carry over	<p>Preliminary estimate MRS</p> <p>Rev impact      Under review</p> <p>Admin cost      TBD need clarifications</p>	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
						<p>A. \$250,000 for a tax family filing as a single individual,  B. \$325,000 for a tax family filing as a head of a household or  C. \$400,000 for a tax family filing a married joint return or filing a joint return as a surviving spouse.</p> <p>The <u>tax equalization assessment</u> is an amount equal to the <u>difference in the average effective tax rate on state and local taxes paid, calculated by decile, and a tax family's individual effective tax rate on state and local taxes paid,</u>  multiplied by  <u>a tax family's expanded income</u></p> <p><b>HTE.</b> This bill also, for property tax years beginning on or after April 1, 2020, <u>increases the total amount of the Maine resident homestead property tax exemption from \$20,000 to \$25,000 of the just value of the homestead.</u>  <b><u>(This change was made in 2019 in the biennial budget. PL 2019, c. 343, Sec H-2)</u></b></p> <p><b>EITC.</b> This bill <u>increases the earned income tax credit from 5% of the federal earned income tax credit to 10% of the federal earned income tax credit</u>  <b><u>EITC was increased in 2019 to 25% of federal credit for individuals with no qualifying child and 12 % for other eligible individuals (PL 2019, c. 527, Sec B-2)</u></b></p> <p><b>PTFC.</b> This bill also <u>reduces the threshold amount for property tax as a % of income from 6% to 5% to qualify for the property tax fairness credit.</u>  <b><u>(This change was made in 2019 in the biennial budget. PL 2019, c. 343, Sec H-5-6)</u></b></p> <p><u>MRS has concerns</u></p> <p>5/14 Voted OTPA (fno)-7/ONTP-6  <b><u>5/15 Reconsidered – voted to carryover</u></b></p>			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY19	FY120
2d Reg 2020									

G:\TAXCMTE\129th-2\wssums COs 12-31-19.docx