

Amend the Governor's Supplemental Budget Part I as follows:

Current

Sec. I-1. Credit for income tax paid to other taxing jurisdictions. For tax years beginning in 2020, when determining whether compensation for personal services performed as an employee teleworking from a location in Maine shall be treated as derived from sources in another jurisdiction for purposes of the credit for income tax paid to other taxing jurisdictions, allowed pursuant to Maine Revised Statutes, Title 36, section 5217-A, the compensation is sourced to that jurisdiction, notwithstanding section 5142, if:

1. The employee was engaged in performing services from a location outside of Maine immediately prior to a COVID-19 state of emergency declared by either Maine or the state where the employee was engaged in performing said services;
2. The employee commenced working remotely from Maine due to the COVID-19 pandemic and during either state's state of emergency;
3. The services were performed prior to January 1st, 2021 and during either jurisdiction's state of emergency;
4. The compensation is sourced by that jurisdiction as derived from or connected with sources in that jurisdiction under the law of that jurisdiction; and
5. The employee does not qualify for an income tax credit in that jurisdiction for Maine income taxes paid as a result of the compensation.

Revised

Sec. I-1. Credit for income tax paid to other taxing jurisdictions. For tax years beginning in 2020, when determining whether compensation for personal services performed as an employee teleworking from a location in Maine shall be treated as derived from sources in another jurisdiction for purposes of the credit for income tax paid to other taxing jurisdictions, allowed pursuant to Maine Revised Statutes, Title 36, section 5217-A, the compensation is sourced to that jurisdiction, notwithstanding section 5142, if:

1. The employee was engaged in performing services from a location outside of Maine immediately prior to a COVID-19 state of emergency declared by either Maine or the state where the employee was engaged in performing said services;
2. The employee commenced working remotely from Maine, as to those services or proportion of services referred to in subsection 1, due to the COVID-19 pandemic and during either state's state of emergency;
3. The services were performed prior to January 1st, 2021 and during either jurisdiction's state of emergency;

4. The compensation is sourced by that jurisdiction as derived from or connected with sources in that jurisdiction under the law of that jurisdiction; and

5. The employee does not qualify for an income tax credit in that jurisdiction for Maine income taxes paid as a result of the compensation.

The State Tax Assessor may adopt routine technical rules as defined in Title 5, chapter 375, subchapter 2-A as necessary to implement this section.

PART I SUMMARY

Section I-1 is revised to clarify that the remote work in Maine must have commenced due to the COVID-19 pandemic and during either state's state of emergency with respect to those services or proportion of services previously performed outside of Maine. The section is also revised to provide that the State Tax Assessor may adopt rules as necessary to implement the section.