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STATE OF MAINE  
ONE HUNDRED AND TWENTY-NINTH LEGISLATURE  
COMMITTEE ON TAXATION

February 12, 2021

TO: Sen. Catherine Breen, Senate Chair  
Rep. Teresa Pierce, House Chair  
Members, Joint Standing Committee on Appropriations and Financial Affairs

FROM: Se. Benjamin Chipman, Senate Chair  
Rep. Maureen Terry, House Chair  
Members, Joint Standing Committee on Taxation

RE: Supplemental Budget Bill

The Joint Standing Committee on Taxation has reviewed the portions of the supplemental budget that fall under the policy jurisdiction of the Taxation Committee. We are pleased to provide you with our report of recommendations regarding the budget. While our committee's recommendation is unanimous with respect to many provisions, we are divided with respect to the provisions of the supplemental budget relating to income tax conformity. The attached charts indicate our votes with regard to each line in Part A and each Part assigned to us in the language provisions of the bill.

We are submitting the report template for Part A with the Committee vote indicated. All items in Part A were approved unanimously; however, we note that the changes proposed in Sec. A-30 related to Revenue Sharing are included in the bill to correct the amounts allocated for that purpose to reflect changes in projected revenue resulting from subsequent reports of the Revenue Forecasting Committee after the original allocations were enacted and items included in the supplemental budget bill affecting income tax revenue. There are no substantive changes in revenue sharing proposed in the supplemental budget bill. The Taxation Committee supports making these changes; however, the final numbers will depend on the choices made by the Appropriations Committee with regard to income tax provisions in the bill.

We are submitting a chart which indicates our recommendations with regard to the Language Parts that we reviewed in the bill. For votes that are divided, after the number of votes, we have included letters in parentheses). "D" refers to the Option 1 described below, "K" refers to Option 2, and "C" refers to Option 3.

In summary, with regard to income tax conformity, the Taxation Committee provides three options.

Option 1. This option is supported by seven members of our Committee (Daughtry, Terry, Collings, Gramlich, Matlack, Perry, Sachs). This option supports conformity and decoupling as proposed by the original bill, as modified by a proposal made to us this week by the administration with regard to the PPP and EIDL loan programs. This proposal provides an income tax exemption for PPP and EIDL loan forgiveness up to \$1,000,000. It also maintains the ability for businesses that received PPP and EIDL loans to deduct business expenses paid with the proceeds of the loan.

Option 2. This option is supported by five members of our Committee (Kryzak, Pouliot, Bickford, Carmichael, Hanley). This option supports full conformity with the federal Internal Revenue Code without decoupling in any of the proposals made by the administration. This option provides for full exemption of PPP and EIDL loan forgiveness and permits the deduction of business expenses paid using loan funds. The supporters of this option recommend that the Appropriations Committee find funds to balance the budget in other parts of the supplemental budget without removing any funds from the Budget Stabilization Fund.

Option 3. This option is supported by one member of our Committee (Chipman). This option supports conformity and decoupling as proposed in the original language submitted by the administration to the Appropriations Committee with PPP and EIDL loan forgiveness being exempt from taxation and businesses being able to deduct business expenses paid with the proceeds of the loans.

Our committee analyst will work with your committee analyst to provide language to implement our recommendations should you adopt them. Please let us know if you have any questions regarding our recommendations.

Sec. A-1. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Maine Board of Tax Appeals Z146**

Initiative: Reduces funding to align with projected actual operating expenses. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 41                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

GENERAL FUND	2020-21	2021-22	2022-23
All Other	(\$20,000)	\$0	\$0
GENERAL FUND TOTAL	(\$20,000)	\$0	\$0

**Mandate BETE - Reimburse Municipalities Z065**

Initiative: Reduces funding to align with projected actual expenses for reimbursements to municipalities for the cost to implement a state mandate program. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 39                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

GENERAL FUND	2020-21	2021-22	2022-23
All Other	(\$1,910)	\$0	\$0
GENERAL FUND TOTAL	(\$1,910)	\$0	\$0

**Revenue Services, Bureau of 0002**

Initiative: Reduces funding to align with projected actual expenses for contracted consulting services. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 3                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

GENERAL FUND	2020-21	2021-22	2022-23
All Other	(\$600,200)	\$0	\$0
GENERAL FUND TOTAL	(\$600,200)	\$0	\$0

**Revenue Services, Bureau of 0002**

Initiative: Reduces funding by managing contracted services expenses within available resources. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 4                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

GENERAL FUND	2020-21	2021-22	2022-23
All Other	(\$471,206)	\$0	\$0

GENERAL FUND TOTAL	(\$471,206)	\$0	\$0
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**Revenue Services, Bureau of 0002**

Initiative: Reduces funding to align with projected actual expenses for debt retirement. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 5                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

	2020-21	2021-22	2022-23
GENERAL FUND			
All Other	(\$379,800)	\$0	\$0
GENERAL FUND TOTAL	(\$379,800)	\$0	\$0

**Revenue Services, Bureau of 0002**

Initiative: Reduces funding to align with projected actual expenses for contracted temporary staff. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 6                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

	2020-21	2021-22	2022-23
GENERAL FUND			
All Other	(\$197,266)	\$0	\$0
GENERAL FUND TOTAL	(\$197,266)	\$0	\$0

**Snow Grooming Property Tax Exemption Reimbursement Z024**

Initiative: Reduces funding for reimbursements to municipalities for 50% of the property tax revenue loss as a result of the exemption for snow grooming equipment registered with the Department of Inland Fisheries and Wildlife. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 37                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

	2020-21	2021-22	2022-23
GENERAL FUND			
All Other	(\$3,000)	\$0	\$0
GENERAL FUND TOTAL	(\$3,000)	\$0	\$0

**Waste Facility Tax Reimbursement 0907**

Initiative: Reduces funding to align with projected actual expenses for reimbursement to municipalities for 50% of the loss on property tax revenue resulting from exemptions granted in Title 36, §656.1, J. This initiative relates to the curtailments ordered in Financial Order 001152 F1.

Ref. #: 35                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
All Other	(\$1,219)	\$0	\$0
<b>GENERAL FUND TOTAL</b>	<b>(\$1,219)</b>	<b>\$0</b>	<b>\$0</b>

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**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>GENERAL FUND</b>	<b>(\$1,674,601)</b>	<b>\$0</b>	<b>\$0</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>(\$1,674,601)</b>	<b>\$0</b>	<b>\$0</b>

**Sec. A-30. Appropriations and allocations.**

The following appropriations and allocations are made.

**TREASURER OF STATE, OFFICE OF**

**Disproportionate Tax Burden Fund 0472**

Initiative: Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for fiscal years 2019-20 and 2020-21.

Ref. #: 539                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
All Other	\$1,960,541	\$0	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$1,960,541</b>	<b>\$0</b>	<b>\$0</b>

**State - Municipal Revenue Sharing 0020**

Initiative: Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for fiscal years 2019-20 and 2020-21.

Ref. #: 533                      One Time                      Committee Vote: 13-0                      AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
All Other	(\$20,190,003)	\$0	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>(\$20,190,003)</b>	<b>\$0</b>	<b>\$0</b>

**TREASURER OF STATE, OFFICE OF**

<b>DEPARTMENT TOTALS</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>(\$18,229,462)</b>	<b>\$0</b>	<b>\$0</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>(\$18,229,462)</b>	<b>\$0</b>	<b>\$0</b>

# PROVISIONS IN THE SUPPLEMENTAL BUDGET

2/11/21

jsj/OFPR

## TAXATION COMMITTEE

		Budget proposal	MRS estimated revenue impact	Change package	Recommendation
<b>LANGUAGE PARTS</b>					
<b>PART B INCOME TAX CONFORMITY</b>					
<b>Language p. 1</b>	<b>CURRENT LAW</b> Income Tax conformity is tied to the Internal Revenue Code as on 12/31/19	Changes date of conformity from 12/31/19 to 12/31/20.  Applies retroactively to tax years beginning on or after 1/1/18.			Include 13-0
<b>PART D CARES RELATED BUSINESS LOSSES</b>					
<b>Language p. 10</b>	CARES ACT	<u>Individual income tax</u> Requires 1. an addition modification for <u>federal excess business losses</u> allowed to noncorporate taxpayers pursuant to the CARES Act for tax years beginning 1/1/18 to 12/31/20; and 2. a subtraction modification for the carryover and subtraction of amounts added		Clarifies wording and corrects indentation  CP p. 1-2	Include 8 members (D,C) Remove 5 members (K)

# PROVISIONS IN THE SUPPLEMENTAL BUDGET

2/11/21

jsj/OFPR

		Budget proposal	MRS estimated revenue impact	Change package	Recommendation
<b>PART E CARES RELATED BUSINESS INTEREST DEDUCTION</b>					
Language p. 10-11	CARES ACT	Requires 1. An addition modification for <u>federal business interest deduction</u> that exceeds 30% of adjusted taxable income pursuant to the CARES Act for tax years beginning 1/1/18 to 12/31/20; and 2. A subtraction modification for the carryover and subtraction of amounts added		Corrects indentation  CP p. 3-4	Include 8 members (D,C) Remove 5 members (K)
<b>PART F MAINE CAPITAL INVESTMENT CREDIT</b>					
Language p. 12		Excludes <u>qualified improvement property</u> <sup>1</sup> placed in service in 2018 and 2019 from the Maine Capital Investment Credit to avoid retroactive inclusion Conforms FY20 forward		Corrects indentation and formatting  CP p. 6-7	Include 8 members (D, C) Remove 5 members (K)
<b>PART G CARES RELATED CHARITABLE DEDUCTION</b>					
Language p. 12-13	CARES ACT	2019 TYs only 1. Addition modification for the <u>additional charitable contribution deduction</u>		Corrects indentation  CP p.8-9	Include 8 members (D, C) Remove 5 members (K)



# PROVISIONS IN THE SUPPLEMENTAL BUDGET

2/11/21

jsj/OFPR

		Budget proposal	MRS estimated revenue impact	Change package	Recommendation
		<p><u>allowed to corporations</u> under CARES; and</p> <p>2. Subtraction modification for the carryover and subtraction of this amount in future years</p>			
<b>PART H CARES RELATED NET OPERATING LOSS LIMITATION</b>					
<b>Language p. 13</b>	CARES ACT	<p>Updates and simplifies income tax by conforming to the federal <u>net operating loss limitation and the CARES suspension of the limitation</u></p> <p>Applies retroactively to 1/1/18</p>			<p>Include 8 members (D, C)</p> <p>Remove 5 members (K)</p>
<b>PART I CARES RELATED RESIDENCY/REMOTE WORK</b>					
<b>Language 14-15</b>	<p><u>Current law:</u> Maine residents are taxed on their income regardless of location of employer, (Income is sourced to Maine)</p> <p>IT credit for taxes paid to another jurisdiction</p> <p><u>Current law:</u></p>	<p>1. Provides that the income of <u>certain individuals working remotely in Maine</u> for an employer in another state is sourced to the other state if the employee worked in the other state before state of COVID-19 emergency. Allows credit for taxes paid to other state.</p>		MRS clarification of language	<p>Include 13-0</p> <p>As amended by administration language submitted 2/9</p>

# PROVISIONS IN THE SUPPLEMENTAL BUDGET

2/11/21

jsj/OFPR

		Budget proposal	MRS estimated revenue impact	Change package	Recommendation
	Taxpayer must be working in Maine to qualify for EOTC	2. Allows <u>individual who was qualified for Educational Opportunity Tax Credit</u> to maintain eligibility by being considered to be working in Maine during the COVID-19 emergency if the employee was considered to be working in Maine before or during the COVID-19 state of emergency.			
<b>PART K CONTRACT FOR MRS TECHNOLOGY UPGRADES</b>					
<b>Language p. 15-16</b>		Extends from 7/1/21 to 7/1/23 the time to repay previously authorized financial agreement for the acquisition, licensing, installation, implementation, maintenance and support of computer hardware, software and other systems to support MRS tax collection efforts			Include 13-0
<b>NEW PART U Foreign income CP p. 10</b>	Decouples from the FDII deduction			Expands addition modification for the amount of global intangible low-taxed income deduction to include the total amount of foreign-derived intangible income (FDII) and global intangible low-taxed income deduction claimed under the Code.	Include 8 members (D, C) Remove 5 members (K)  1/25 change package

# PROVISIONS IN THE SUPPLEMENTAL BUDGET

2/11/21

jsj/OFPR

		Budget proposal	MRS estimated revenue impact	Change package	Recommendation
<b>NEW PART V PPP loans/expenses CP p.11-12</b>	Paycheck Protection Program loans			Requires addition modification for PPP loans that are expected to receive forgiveness treatment to the extent that a deduction is claimed for expenses that qualify for and are a basis of the loan forgiveness.  2/9/21 Administration proposes exemption up to \$1,000,000 for PPP loans	3 recommendations depending on option:  1/25 change package as amended by administration language 2/97 members (D)  Remove 5 members (K,) Allow both total loan exclusion and business expenses  Modify to exempt total loan forgiveness from taxation with business deductions paid with loan funds not deductible. 1 member (C)
<b>NEW PART W Other forgivable loans CAA CP p. 13</b>	Decouples from treatment of certain loan forgiveness other than PPP loans in CAA and to other business financial aid in CAA			Requires addition modification for certain other loan forgiveness under the Consolidated Appropriations Act	Include 8 members (D, C) Remove 5 members (K)  1/25 change package
<b>NEW PART X Deduction for business meals CAA CP p. 14</b>	Decouples from temporary expansion of deduction for business meals in CCA for TY 21 and 22. Conforms for Tax year 20		FY 21 (\$550,000)	Requires addition modification for expanded business meals deduction	Include 8 members (D, C) Remove 5 members (K)  1/25 change package

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**ORIGINAL  
&  
CHANGE  
PACKAGE  
SUBMITTED  
BY  
DAFS**

Treasurer of State, Office of

Please amend as follows:

CURRENT

DISPROPORTIONATE TAX BURDEN FUND 0472

2019-20

2020-21

**Initiative:** Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for fiscal years 2019-20 and 2020-21.

OTHER SPECIAL REVENUE FUNDS

All Other

1,960,541

Total 0 1,960,541

REVISED

DISPROPORTIONATE TAX BURDEN FUND 0472

2019-20

2020-21

**Initiative:** Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for fiscal years 2019-20 and 2020-21.

OTHER SPECIAL REVENUE FUNDS

All Other

4,285,102

Total 0 4,285,102

Treasurer of State, Office of

Please amend as follows:

CURRENT

STATE - MUNICIPAL REVENUE SHARING 0020

2019-20

2020-21

**Initiative:** Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for fiscal years 2019-20 and 2020-21.

OTHER SPECIAL REVENUE FUNDS

All Other

(20,190,003)

Total 0 (20,190,003)

REVISED

STATE - MUNICIPAL REVENUE SHARING 0020

2019-20

2020-21

**Initiative:** Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for fiscal years 2019-20 and 2020-21.

OTHER SPECIAL REVENUE FUNDS

All Other

(10,891,763)

Total 0 (10,891,763)

**Amend the Governor's Supplemental Budget Part D as follows:**

**Current**

**PART D**

**Sec. D-1. 36 MRSA §5122, sub-§ 1, ¶MM** is enacted to read:

MM. For each taxable year beginning after December 31, 2017 and before January 1, 2021, an amount equal to the taxpayer's excess business loss for the taxable year determined under the Code, section 461(l) applying subsection (1)(B) of that section to the calculation for the tax year, reduced by any amount of the loss included in Maine taxable income for a prior tax year pursuant to paragraph H of this subsection.

**Sec. D-2. 36 MRSA §5122, sub-§2, ¶UU** is enacted to read:

UU. An amount equal to the value of any prior year addition modification under subsection 1, paragraph MM, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income; and
- (3) The taxpayer does not include the amount in computing any net operating loss carryback or carryover pursuant to the Code, section 172, for federal income tax purposes.

**Revised**

**Sec. D-1. 36 MRS §5122, sub-§1, ¶MM** is enacted to read:

MM. For each taxable year beginning after December 31, 2017 and before January 1, 2021, an amount equal to the taxpayer's excess business loss for the taxable year determined under the Code, Section 461(l), reduced by any amount of the loss included in Maine taxable income for a prior tax year pursuant to paragraph H. Notwithstanding the application dates contained in the Code, Section 461(l)1(B), Section 461(l)1(B) applies to the calculation for the taxable year.

**Sec. D-2. 36 MRS §5122, sub-§2, ¶UU** is enacted to read:

UU. An amount equal to the value of any prior year addition modification under subsection 1, paragraph MM, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;

(2) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income; and

(3) The taxpayer does not include the amount in computing any net operating loss carryback or carryover pursuant to the Code, Section 172 for federal income tax purposes.

**PART D  
SUMMARY**

This Part is revised to clarify wording and to correct the indentation of paragraphs and subparagraphs to ensure proper context and interpretation of the language.



**Amend the Governor's Supplemental Budget Part E as follows:**

**Current**

**PART E**

**Sec. E-1. 36 MRSA §5122, sub-§1, ¶NN is enacted to read:**

NN. For taxable years beginning on or after January 1, 2019 and before January 1, 2021, the amount of the taxpayer's federal business interest deduction for the taxable year that exceeds the limitation for such deduction contained in the Code, section 163(j) applying a rate of 30 percent to adjusted taxable income for the purposes of the Code, section 163(j)(1)(B) without regard to the special rule described in the Code, section 163(j)(10)(A)(i).

**Sec. E-2. 36 MRSA §5122, sub-§2, ¶VV is enacted to read:**

VV. For taxable years beginning on or after January 1, 2021, an amount equal to the value of any prior year addition modification under subsection 1, paragraph NN, but only to the extent that:

(1) Maine taxable income is not reduced below zero;

(2) No more than 25% of the amount is used as a modification in any taxable year; and

(3) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income.

**Sec. E-3. 36 MRSA §5200-A, sub-§1, ¶GG is enacted to read:**

GG. For taxable years beginning on or after January 1, 2019 and before January 1, 2021, the amount of the taxpayer's federal business interest deduction for the taxable year that exceeds the limitation for such deduction contained in the Code, section 163(j) applying a rate of 30 percent to adjusted taxable income for the purposes of the Code, section 163(j)(1)(B) without regard to the special rule described in the Code, section 163(j)(10)(A)(i).

**Sec. E-4. 36 MRSA §5200-A, sub-§2, ¶HH is enacted to read:**

HH. For taxable years beginning on or after January 1, 2021, an amount equal to the value of any prior year addition modification under subsection 1, paragraph GG, but only to the extent that:

(1) Maine taxable income is not reduced below zero;

(2) No more than 25% of the amount is used as a modification in any taxable year; and

(3) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income.

**Revised**

**Sec. E-1. 36 MRS §5122, sub-§1, ¶NN** is enacted to read:

NN. For taxable years beginning on or after January 1, 2019 and before January 1, 2021, the amount of the taxpayer's federal business interest deduction for the taxable year that exceeds the limitation for such deduction contained in the Code, Section 163(j), applying a rate of 30% to adjusted taxable income for the purposes of the Code, Section 163(j)(1)(B) without regard to the special rule described in the Code, Section 163(j)(10)(A)(i).

**Sec. E-2. 36 MRS §5122, sub-§2, ¶VV** is enacted to read:

VV. For taxable years beginning on or after January 1, 2021, an amount equal to the value of any prior year addition modification under subsection 1, paragraph NN, but only to the extent that:

(1) Maine taxable income is not reduced below zero;

(2) No more than 25% of the amount is used as a modification in any taxable year; and

(3) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income.

**Sec. E-3. 36 MRS §5200-A, sub-§1, ¶GG** is enacted to read:

GG. For taxable years beginning on or after January 1, 2019 and before January 1, 2021, the amount of the taxpayer's federal business interest deduction for the taxable year that exceeds the limitation for such deduction contained in the Code, Section 163(j), applying a rate of 30% to adjusted taxable income for the purposes of the Code, Section 163(j)(1)(B) without regard to the special rule described in the Code, Section 163(j)(10)(A)(i).

**Sec. E-4. 36 MRS §5200-A, sub-§2, ¶HH** is enacted to read:

HH. For taxable years beginning on or after January 1, 2021, an amount equal to the value of any prior year addition modification under subsection 1, paragraph GG, but only to the extent that:

(1) Maine taxable income is not reduced below zero;

(2) No more than 25% of the amount is used as a modification in any taxable year; and

(3) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income.

**PART E  
SUMMARY**

This Part is revised to correct the indentation of paragraphs and subparagraphs to ensure proper context and interpretation of the language.

**Amend the Governor's Supplemental Budget Part F as follows:**

**Current**

**PART F**

**Sec. F-1. 36 MRS §5219-NN, sub-§2**, as repealed and replaced by PL 2017, c. 211, Pt. D, §8, is amended to read:

**2. Certain property excluded.** The following property is not eligible for the credit under this section:

A. Property owned by a public utility as defined by Title 35-A, section 102, subsection 13;

B. Property owned by a person that provides radio paging services as defined by Title 35-A, section 102, subsection 15;

C. Property owned by a person that provides mobile telecommunications services as defined by Title 35-A, section 102, subsection 9-A;

D. Property owned by a cable television company as defined by Title 30-A, section 2001, subsection 2;

E. Property owned by a person that provides satellite-based direct television broadcast services;

F. Property owned by a person that provides multichannel, multipoint television distribution services; ~~and~~

G. Property that is not in service in the State for the entire 12-month period following the date it is placed in service in the State; ~~and~~

H. Qualified improvement property, as that term is defined in the Code, section 168(e)(6), placed in service after December 31, 2017 and prior to January 1, 2020.

**Revised**

**Sec. F-1. 36 MRS §5219-NN, sub-§2, ¶F**, as repealed and replaced by PL 2017, c. 211, Pt. D, §8, is amended to read:

F. Property owned by a person that provides multichannel, multipoint television distribution services; ~~and~~

**Sec. F-2. 36 MRS §5219-NN, sub-§2, ¶G**, as repealed and replaced by PL 2017, c. 211, Pt. D, §8, is amended to read:

G. Property that is not in service in the State for the entire 12-month period following the date it is placed in service in the State; and

**Sec. F-3. 36 MRS §5219-NN, sub-§2, ¶H** is enacted to read:

H. Qualified improvement property, as defined in the Code, Section 168(e)(6), placed in service after December 31, 2017 and prior to January 1, 2020.

## **PART F SUMMARY**

This Part is revised to clarify the formatting and correct the indentation of paragraphs and subparagraphs to ensure proper context and interpretation of the language.

**Amend the Governor's Supplemental Budget Part G as follows:**

**Current**

**PART G**

**Sec. G-1. 36 MRSA §5200-A, sub-§1, ¶HH**, is enacted to read:

HH. For taxable years beginning after January 1, 2019 and before January 1, 2020, an amount equal to the difference between the taxpayer's charitable deduction as determined under the Code, section 170 excluding application of the amendments made by section 2205 of the federal Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, and the taxpayer's charitable deduction as determined under the Code, section 170 applying the amendments of federal Public Law 116-136, section 2205.

**Sec. G-2. 36 MRSA §5200-A, sub-§2, ¶II**, is enacted to read:

II. For taxable years beginning after January 1, 2020 and before January 1, 2025, an amount equal to the amount by which federal taxable income was increased under subsection 1, paragraph HH, but only to the extent that:

(1) Maine taxable income is not reduced below zero; and

(2) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income.

**Revised**

**Sec. G-1. 36 MRSA §5200-A, sub-§1, ¶HH** is enacted to read:

HH. For taxable years beginning after January 1, 2019 and before January 1, 2020, an amount equal to the difference between the taxpayer's charitable deduction as determined under the Code, Section 170 excluding application of the amendments made by Section 2205 of the federal Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, and the taxpayer's charitable deduction as determined under the Code, Section 170 including application of the amendments made by federal Public Law 116-136, Section 2205.

**Sec. G-2. 36 MRSA §5200-A, sub-§2, ¶II** is enacted to read:

II. For taxable years beginning after January 1, 2020 and before January 1, 2025, an amount equal to the amount by which federal taxable income was increased under subsection 1, paragraph HH, but only to the extent that:

- (3) Maine taxable income is not reduced below zero; and
- (4) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income.

**PART G**  
**SUMMARY**

This Part is revised to correct the indentation of paragraphs and subparagraphs to ensure proper context and interpretation of the language.

**Amend the Governor's Supplemental Budget by adding a new Part U:**

**PART U**

**Sec. U-1. 36 MRSA §5200-A, sub-§1, ¶FF**, as enacted by PL 2017, c. 474, Pt. D, §1, is amended to read:

FF. An amount equal to the taxpayer's ~~global intangible low-taxed income~~ deduction claimed in accordance with the Code, Section 250(a)(1)(B).

**Sec. U-2. Retroactivity.** This Part applies to tax years beginning on or after January 1, 2020.

**PART U  
SUMMARY**

This Part expands the addition modification for the amount of the global intangible low-taxed income deduction. For tax years beginning on or after January 1, 2020, the modification is for the total amount of the foreign-derived intangible income and global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a).



**Amend the Governor's Supplemental Budget by adding a new Part V:**

**PART V**

**Sec. V-1. 36 MRS §5122, sub-§1, ¶OO** is enacted to read:

OO. For each taxable year beginning after January 1, 2019, the amount of any loans made to the taxpayer under the Paycheck Protection Program that receive loan forgiveness treatment pursuant to Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139), the Paycheck Protection Program Flexibility Act of 2020 (Public Law 116-142) or the Consolidated Appropriations Act, 2021 (Public Law 116-260), to the extent that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of said loan forgiveness.

For loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to receive forgiveness, even if the taxpayer has not submitted an application for forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from said expectations, the taxpayer may file an amended return.

**Sec. V-2. 36 MRS §5200-A, sub-§1, ¶II** is enacted to read:

JJ. For each taxable year beginning after January 1, 2019, the amount of any loans made to the taxpayer under the Paycheck Protection Program that receive loan forgiveness treatment pursuant to Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139), the Paycheck Protection Program Flexibility Act of 2020 (Public Law 116-142) or the Consolidated Appropriations Act, 2021 (Public Law 116-260), to the extent that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of said loan forgiveness.

For loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to receive forgiveness, even if the taxpayer has not submitted an application for forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from said expectations, the taxpayer may file an amended return.

**Sec. V-3. Retroactivity.** This Part applies retroactively to tax years beginning after January 1, 2019.

**PART V  
SUMMARY**

This Part requires an addition modification for calculating taxable income for Maine income tax purposes of the amount of any loans made to the taxpayer under the federal Paycheck Protection Program pursuant to the CARES Act, and subsequent amending Acts, that receive, or are reasonably expected to receive, loan forgiveness treatment to the extent that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of the loan forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from the expectations, the taxpayer may file an amended return. The addition modification applies to taxable years beginning after January 1, 2019.

**Amend the Governor's Supplemental Budget by adding a new Part W:**

**PART W**

**Sec. W-1. 36 MRS §5122, sub-§1, ¶PP** is enacted to read:

PP. For each taxable year beginning after January 1, 2019, an amount equal to any decrease in adjusted gross income allowed for federal income tax purposes pursuant to Division N, Section 278 of the Consolidated Appropriations Act, 2021 (Public Law 116-260).

**Sec. W-2. 36 MRS §5200-A, sub-§1, ¶JJ** is enacted to read:

JJ. For each taxable year beginning after January 1, 2019, an amount equal to any decrease in taxable income allowed for federal income tax purposes pursuant to Division N, Section 278 of the Consolidated Appropriations Act, 2021 (Public Law 116-260).

**Sec. W-3. Retroactivity.** This Part applies retroactively to tax years beginning after January 1, 2019.

**PART W  
SUMMARY**

This Part requires an addition modification for calculating taxable income for Maine income tax purposes equal to any decrease in adjusted gross income or taxable income, respectively, allowed for federal income tax purposes pursuant to Division N, Section 278 of the Consolidated Appropriations Act, 2021 "Clarification of Tax Treatment of Certain Loan Forgiveness and Other Business Financial Assistance." The addition modification applies to taxable years beginning after January 1, 2019.

**Amend the Governor's Supplemental Budget by adding a new Part X:**

**PART X**

**Sec. X-1. 36 MRS §5122, sub-§1, ¶QQ** is enacted to read:

QQ. For each taxable year beginning on after January 1, 2021, an amount equal to any increase in deductions allowed for federal income tax purposes pursuant to Division EE, Section 210 of the Consolidated Appropriations Act, 2021 (Public Law 116-260).

**Sec. X-2. 36 MRS §5200-A, sub-§1, ¶KK** is enacted to read:

KK. For each taxable year beginning on after January 1, 2021, an amount equal to any increase in deductions allowed for federal income tax purposes pursuant to Division EE, Section 210 of the Consolidated Appropriations Act, 2021 (Public Law 116-260).

**PART X  
SUMMARY**

This Part requires an addition modification for calculating taxable income for Maine income tax purposes equal to any increase in deductions allowed for federal income tax purposes pursuant to Division EE, Section 210 of the Consolidated Appropriations Act, 2021 "Temporary Allowance of Full Deduction for Business Meals." The addition modification applies to taxable years beginning on or after January 1, 2021.