

Shaded LDs have been voted on by the Committee

WS 5/11/21

TAXATION COMMITTEE

jsj

130th LEGISLATURE 1st REG SESSION

| LD | LR | PH | WS | SPONSOR | TITLE | SUMMARY (Summaries may not reflect content of most recent committee action) | COMM ACTION | FISCAL IMPACT ¹ | |
|------|------|-----|----|---------|--|--|-------------|-------------------------------|-----------------|
| | | | | | | | | FY22 | FY23 |
| 1136 | 1500 | 5/6 | | Harnett | An Act To Promote Fairness in Income Tax Rates by Making Them More Progressive | <p>This bill changes the <u>individual income tax brackets</u> to provide <u>4 brackets</u> rather than <u>3</u>.</p> <p>The bill <u>adds a new bracket of 10.15% on taxable income exceeding</u></p> <ol style="list-style-type: none"> \$100,000 for single individuals and married persons filing separately, \$150,000 for heads of households and \$200,000 for individuals filing married joint returns and surviving spouses. | | MRS preliminary fiscal impact | |
| | | | | | | | | Admin costs | Can be absorbed |
| | | | | | | | | Revenue impact | Not available |
| 1140 | 274 | 5/5 | | Corey | An Act To Establish a Sales Tax Exemption for the Purchase of Firearm Safety Devices | <p>This bill establishes a <u>sales tax exemption</u> for a <u>safe, lockbox, trigger lock or barrel lock that is specifically designed for securing firearms</u>.</p> <p>5/5 WS voted OTPA (fno)</p> <p>Request to reconsider???</p> | OTPA | MRS preliminary fiscal impact | |
| | | | | | | | | Did not provide testimony | |
| 1289 | 640 | 5/6 | | Perry | An Act To Cut Property Taxes for Maine Residential Homeowners | <p>This bill creates a <u>new income tax rate of 7.95%</u> for tax years beginning on or after January 1, 2022 for income exceeding</p> <ol style="list-style-type: none"> \$300,000 for single individuals \$450,000 for individuals filing as HoH and \$600,000 for MJ <p>The bill also <u>increases the homestead property tax exemption</u> from \$25,000 in 2021 to</p> <p>\$35,000 in 2022, \$45,000 in 2023 and \$55,000 in 2024 and after</p> | | MRS preliminary fiscal impact | |
| | | | | | | | | Not available at this time | |

¹ . 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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| | | | | | | | | FY22 | FY23 |
| 1342 | 559 | 5/5 | | Sylvester | An Act To Authorize a Local Option Sales Tax on Lodging and Other Goods and Provide Funding for Tax Abatement and Rental Relief | <p>This bill allows a municipality to impose a <u>local option sales tax</u> of 1% on lodging that is currently that is currently subject to the sales and use tax if approved by referendum of the voters in that municipality.</p> <p>Revenue is distributed as follows:</p> <ol style="list-style-type: none"> 1. 90% is distributed to the <u>municipality</u> imposing the local option sales tax. 2. 10% is distributed to the <u>Maine State Housing Authority</u>, which is required to establish a program of <u>property tax relief and rent relief for municipalities using the revenue.</u> <p>Revenue received by a municipality <u>may not be used to reduce or eliminate funding otherwise due the municipality under other provisions of law.</u></p> <p>The local option sales tax may not take effect before July 1, 2022.</p> <p><u>Sponsor proposed committee amendment:</u> Allow municipalities to impose the tax on <u>"other goods"</u> if approved at <u>referendum by 60% of votes.</u></p> <p>Bill title refers to <u>"Abatement."</u> Bill does not address abatement.</p> <p><u>MRS has significant concerns:</u></p> <ol style="list-style-type: none"> 1. Admin time 2. Admin cost 3. Potential legal concerns | | MRS preliminary fiscal impact Admin costs: Could be as much as \$5,000,000 | |
| 1362 | 208 | 5/5 | | Davis | An Act To Excuse Certain Marketplace Sellers and Facilitators for Failing To Collect and Remit Sales and Use Taxes on Ammunition Sales | <p>This bill provides that</p> <ol style="list-style-type: none"> 1. A <u>marketplace facilitator or marketplace seller</u> 2. That <u>sold ammunition</u> to residents of the State 3. <u>Between July 1, 2018 and September 1, 2021</u> <p><u>May not be assessed interest or penalties due to untimely payments if it remits the taxes owed to the State no later than October 31, 2021.</u></p> <p><u>MRS has concerns.</u> Has "voluntary disclosure program"</p> | | MRS Preliminary fiscal impact May have numbers for WS. | |

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| | | | | | | | | FY22 | FY23 |
| 1369 | 1477 | 5/6 | | Andrews | An Act To Provide Stimulus for Economic Recovery by Enacting a 5 Percent Flat Income Tax | This bill, for tax years beginning on or after January 1, 2021, <u>replaces the current income tax structure for individual income taxes with a flat 5% tax</u> imposed on all individual Maine residents. | | MRS preliminary revenue impact Admin costs: Complicated by effective date 1/1/21 Revenue impact Not available | |
| 1395 | 1288 | 5/5 | | Connor | An Act To Suspend Meals and Lodging Taxes until 12 Months after the COVID-19 Civil Emergency | This bill provides a sales tax exemption for: <u>1. Prepared food</u> <u>2. Lodging</u> during the state of emergency declared by the Governor due to the COVID-19 pandemic and for <u>one year after that state of emergency is terminated.</u> MRS has technical concerns | | MRS preliminary fiscal impact Admin costs Cannot be determined at this time Revenue impact: Significant | |
| 1418 | 1464 | 5/5 | | Luchini | An Act To Allow a Local Option Sales Tax on Meals and Lodging | This bill allows a municipality to impose a local option sales tax of no more than 1%, <u>1. may be seasonal,</u> <u>2. on prepared food, not including marijuana or marijuana products, and short-term lodging</u> <u>3. if approved by referendum</u> specifying rate, dates and purposes for which revenue will be used. <u>Revenue</u> from the local option sales tax is distributed <u>1. 85% to the municipality imposing the tax and</u> <u>2. 15% to all other municipalities.</u> <u>Revenue received by a municipality must be used as provided in the referendum and may not be used to reduce or eliminate funding otherwise due the municipality under other provisions of law.</u> MRS has significant concerns: 1. Admin time 2. Admin cost 3. Potential legal concerns | | MRS preliminary fiscal impact Admin costs: Could be as much as \$5,000,000 | |

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|--------------|--------|-----|----|----------|--|---|-------------|-------------------------------|-----------------|--------|-----------|--------|-------------|--------|--------------|--------|--|-------------------------------|--|
| | | | | | | | | FY22 | FY23 | | | | | | | | | | |
| 1443 | 1756 | 5/6 | | Collings | An Act Regarding Higher Income Tax Levels | <p>This bill establishes 5 new income tax brackets for income exceeding \$100,000 for persons filing as single individuals or married individuals filing separately, \$150,000 for individuals filing as head of household and \$200,000 for individuals filing married joint returns or surviving spouses.</p> <p><u>New single brackets begin at:</u></p> <table> <tr> <td>\$100,000</td> <td>9.15%</td> </tr> <tr> <td>\$250,000</td> <td>10.15%</td> </tr> <tr> <td>\$500,000</td> <td>11.15%</td> </tr> <tr> <td>\$1,000,000</td> <td>12.15%</td> </tr> <tr> <td>\$10,000,000</td> <td>13.15%</td> </tr> </table> <p>(For MJ multiply amount by 2, For HoH multiply by 1.5.)</p> | \$100,000 | 9.15% | \$250,000 | 10.15% | \$500,000 | 11.15% | \$1,000,000 | 12.15% | \$10,000,000 | 13.15% | | MRS preliminary fiscal impact | |
| \$100,000 | 9.15% | | | | | | | | | | | | | | | | | | |
| \$250,000 | 10.15% | | | | | | | | | | | | | | | | | | |
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| \$1,000,000 | 12.15% | | | | | | | | | | | | | | | | | | |
| \$10,000,000 | 13.15% | | | | | | | | | | | | | | | | | | |
| | | | | | | | | Admin costs | Can be absorbed | | | | | | | | | | |
| | | | | | | | | Revenue impact | Not available | | | | | | | | | | |
| 1500 | 1697 | 5/6 | | Lookner | An Act To Bring Equity to Maine's Tax Law by Adjusting Certain Individual Income Tax Rates | <p>This bill increases the number of individual income tax brackets beginning 1/1/21 from 3 to 4. The bill adds a new bracket of 12.4% on taxable income exceeding</p> <ol style="list-style-type: none"> \$200,000 for single individuals and married persons filing separately, \$ 300,000 for heads of households and \$400,000 for individuals filing married joint returns and surviving spouses. | | MRS preliminary fiscal impact | | | | | | | | | | | |
| | | | | | | | | Admin costs | Can be absorbed | | | | | | | | | | |
| | | | | | | | | Revenue impact | Not available | | | | | | | | | | |

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