

**TAXATION COMMITTEE**

jsj  
**130<sup>th</sup> LEGISLATURE**  
**1st REG SESSION**

| 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> |      |
|------|------|----|----|----------|---|---|-------------|----------------------------|------|
|      |      |    |    |          |   |   |             | FY22                       | FY23 |
| 1569 | 1866 |    |    | Gramlich | An Act Regarding an Excise Tax on Water Extracted for Commercial Bottling                                     | <p>This bill creates an <u>excise tax of 5¢ per gallon</u> of water <u>extracted by bottled water operators</u> for the privilege of extracting water <u>for commercial bottling for sale</u>.</p> <p>Tax applies to bottled water operators who extracted more than 1,500,000 gallons of water in the previous year.</p> <p>"Bottled water operator" is a person engaged in the business of bottling or packaging water for sale.</p>  |             |                            |      |
| 1651 | 1495 |    |    | Vitelli  | An Act To Support Working Families through Outreach and Education about Tax Credits for Persons of Low Income | <p>This bill provides <u>eligibility for the earned income tax credit to individuals who are immigrants who file federal income tax returns using a federally assigned individual taxpayer identification number</u>.</p> <p>This bill provides <u>ongoing funds of \$150,000 per year beginning in fiscal year 2021-22 to the New Ventures Maine program</u> within the University of Maine System <u>for a statewide collaboration</u> of nonprofit and for-profit partners to provide:</p> <ol style="list-style-type: none"> <li>1. <u>free volunteer tax assistance, including the filing of state tax returns;</u></li> <li>2. <u>outreach to low-income individuals and families about federal and state tax credits;</u></li> <li>3. <u>financial education;</u></li> <li>4. <u>connections to financial services and other resources;</u></li> <li>5. <u>education for providers and volunteers; and</u></li> <li>6. <u>statewide data collection.</u></li> </ol> <p>The bill also requires the <u>New Ventures Maine program</u> to submit an annual report describing its activities in the previous calendar year in providing tax assistance to low-income individuals and families.</p> |             |                            |      |

<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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| 1667 | 1217 |    |    | Sheehan | An Act To Create a Tax Credit for Maine Workers Who Have Earned Certificates from Accredited Institutions | This bill <u>creates the Educational Certificate Tax Credit Program</u> , modeled on the Job Creation Through Educational Opportunity Program, <u>for workers who receive a certificate from an accredited postsecondary educational institution denoting completion of a course of study required for an occupation or to enter or advance in an occupation.</u>  |             |                            |      |
| 1678 | 718  |    |    | Millett | An Act To Support Child Care Providers and School Readiness through Tax Credits                           | <p>This bill does the following for quality child care services, beginning in 2022.</p> <p>1. It provides a <u>refundable tax credit of \$1,000 to \$2,000 per eligible child to child care providers that provide services to children whose parents are participating in the child care subsidy program</u> operated by the Department of Health and Human Services, Office of Child and Family Services or foster children in the custody of the Department of Health and Human Services. The <u>amount of the credit is based on the quality of the child care provider as determined pursuant to a quality rating and improvement system based on standards for center-based child care programs developed by the Department of Health and Human Services, Office of Child and Family Services.</u></p> <p>2. It provides a <u>refundable tax credit of \$1,000 to \$5,000 to administrators, educators and other professional support staff of child care providers</u> that provide services to children whose parents are participating in the child care subsidy program operated by the Department of Health and Human Services, Office of Child and Family Services or foster children in the custody of the Department of Health and Human Services. The <u>amount of the credit is based on individual qualification score lattices developed and established for administrators, management, owners and coordinators and educators and other support staff</u> of child care facilities through a collaborative partnership between the Cutler Institute of Health and Social Policy at the University of Southern Maine, the University of Maine Center for Community Inclusion and Disability Studies and the Department of Psychology at the University of Maine.</p> |             |                            |      |

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|    |    |    |    |         |       |   |             | FY22                       | FY23 |
|    |    |    |    |         |       | <p>3. It <u>amends the current income tax credit for child care expenses to allow a taxpayer to obtain a credit of between 50% and 200% of the federal tax credit, depending on the quality rating of the child care site</u> providing child care services for the child of the taxpayer. Current law allows up to 50% of the federal tax credit if the child care expenses are incurred through the use of quality child care services.</p> <p>4. It provides a <u>tax credit of a percentage of expenses paid by an employer to provide child care and education services to the children of its employees</u>, either on site, at a facility licensed or registered with the Department of Health and Human Services or through child care resource and referral services or vouchers for the purpose of paying for child care and education services. The percentage of expenses that may be taken by the employer is <u>determined by the quality rating of the child care facility</u>.</p> <p>5. It <u>indexes for inflation the dollar amounts</u> of the tax credits beginning annually in 2023.</p> <p>6. It requires the Office of Child and Family Services to notify the State Tax Assessor immediately of any changes to the grading and scoring systems used to determine child care-related tax credits and requires the office, after consultation with the assessor, to submit a report and suggested legislation to implement the changes to the grading and scoring systems.</p> <p>7. It <u>requires the OPEGA, beginning in 2025, to review the tax credits provided by this legislation to determine whether the specific public policy objectives and economic benefit of the credits outweigh the loss of revenue to the State and annually report its findings to the joint standing committee of the Legislature having jurisdiction over taxation matters.</u></p> |             |                            |      |

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| 1689 | 1329 |    |    | Maxmin  | An Act To Ensure Equity in the Clean Energy Economy by Providing a Limited Tax Exemption for Certain Clean Energy Infrastructure Projects | <p>This bill allows a <u>sales tax refund or exemption</u></p> <ol style="list-style-type: none"> <li>1. to a person who purchases <u>machinery or equipment</u></li> <li>2. for direct use in the development and construction of <u>a clean energy product.</u></li> </ol> <p>The exemption or refund is <u>equal to 75% of the sales tax otherwise due.</u></p> <p>"Clean energy project" is defined as the development and construction of infrastructure for the generation, storage, transformation or transmission of electricity generated using</p> <ol style="list-style-type: none"> <li>1. fuel cells,</li> <li>2. wind,</li> <li>3. solar cells,</li> <li>4. biomass,</li> <li>5. tides or waves,</li> <li>6. geothermal resources</li> <li>7. or technology that converts otherwise lost energy from exhaust.</li> </ol> <p>Eligibility for the exemption or reimbursement is administered by the Department of Labor. DoL must issue a certificate that the person qualifies for the exemption or refund. Applicant must:</p> <ol style="list-style-type: none"> <li>1. demonstrate to the DoL that the clean energy project</li> <li>2. results in a meaningful economic impact on an overburdened community, as defined;</li> <li>3. supports local manufacturing;</li> <li>4. and is developed under a community benefits agreement or project labor agreement.</li> <li>5.</li> </ol> <p>The applicant may also apply to the STA for a certificate of eligibility for an exemption instead of a refund.</p> <p>The bill requires the Governor's Office of Policy Innovation and the Future to develop a detailed supply chain manufacturing assessment of how the State can support existing manufacturing and attract additional manufacturing associated with renewable energy industries, including, but not limited to, heat pumps and solar, offshore wind, hydrogen and tidal power.</p> |             |                            |      |

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| 1704 | 1805 |    |    | Talbot-Ross | An Act To Change the Exclusion Amount under the Estate Tax and Provide Additional Funding for the Housing Opportunities for Maine Fund | <p>This bill <u>reduces the exclusion amount, below which the Maine estate tax does not apply, to \$1,000,000 from \$5,600,000 for estates of decedents dying on or after January 1, 2022 and removes the annual adjustment for inflation of that exclusion amount.</u></p> <p>The bill creates an <u>additional exclusion amount from the estate tax for family farms and aquaculture, fishing and wood harvesting businesses of up to \$3,800,000. This additional exclusion applies to farmland or depreciable machinery and equipment used in agriculture, aquaculture, fishing or wood harvesting that is inherited by a family member and remains in commercial use for 5 years following transfer.</u></p> <p><u>Distribution of revenue:</u><br/>The Treasurer of State must credit</p> <ol style="list-style-type: none"> <li>1. <u>50% of the revenue generated by the reduction in the exclusion amount beginning January 1, 2022 to the General Fund and</u></li> <li>2. <u>50% the Maine State Housing Authority, to the HOME Fund</u></li> </ol> <p>The bill directs the <u>Maine State Housing Authority in consultation with the Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Populations to develop a racial equity assessment tool to use when evaluating project funding and report to the Joint Standing Committee on Labor and Housing on the development of this tool no later than October 1, 2022.</u></p> |             |                            |      |

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