

Shaded LDs have been voted on by the
Committee

2/16/2022

TAXATION COMMITTEE

2/16/2022 MLC

130th LEGISLATURE

2nd REG SESSION

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LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
1757	2202	2/1		Terry	An Act To Make Technical Changes to Maine Tax Laws	<p>This is the annual bill submitted by MRS/DAFS to make "technical changes to the tax laws." SEE MRS CHART: https://legislature.maine.gov/doc/8027</p> <p>Part A of this bill repeals a provision that authorizes the Department of Administrative and Financial Services, Maine Revenue Services to divulge certain <u>taxpayer information</u> to the Treasurer of State <u>for the purpose of administering the Maine unclaimed or abandoned property law</u>. This information would often include federal tax information, which, under federal restrictions, may not be divulged.</p> <p>Part B of the bill makes changes to the property tax laws. Part B:</p> <ol style="list-style-type: none"> 1. <u>Reduces the mandatory number of assessor certification exams Maine Revenue Services is required to hold</u> from 4 to 2 per year; 2. <u>Clarifies the amount of tax that must be paid when a taxpayer appeals a denial of abatement</u>; and 3. <u>Makes technical changes, such as removing obsolete references to state property tax, gender-specific references and other obsolete language.</u> 			

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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1763	2201	2/8		Terry	An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes	EMERGENCY BILL. MRS bill. This bill <u>updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986, as amended through December 31, 2021, for tax years beginning on or after January 1, 2021 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended.</u>			
1764	2204	1/25	1/25	Terry	An Act To Make a Technical Correction Concerning Maine's Earned Income Tax Credit	EMERGENCY BILL. This bill corrects an inadvertent drafting error in Public Law 2021, chapter 398 in the law governing the earned income tax credit (Biennial Budget). As enacted, the law limits the credit of 20% of the federal earned income tax credit for tax year 2021 for nonresidents and part-year residents to those who do not have a qualifying child. The intent of chapter 398 was to provide the 20% credit to all residents, nonresidents and part-year residents for tax year 2021, regardless of whether a resident, nonresident or part-year resident has a qualifying child. This bill accomplishes that intent.	OTPA		
1794	2369	1/25	1/25	Terry	Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory	This resolve authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired by the State through the foreclosure of tax liens for the nonpayment of property taxes.	OTPA		
1890	2393			Perry	An Act To Create a Rental Fleet Registration Program and Equalize the Tax Rate Imposed on Rental Vehicles 1/5/22 REFERRED to TRA 1/25/22 HOUSE: Referred from TRA to TAX SENATE: Rereferred to TAX 2/10	Part A of this bill <u>establishes a registration program for rental fleet vehicles that includes:</u> 1. A common registration renewal month; 2. A unique owner registration number; 3. Required annual renewal; 4. The issuance of certificates of registration; 5. Distinctive license plates; 6. A temporary exemption from inspection requirements; and 7. The ability to transfer and remove rental fleet vehicles. Part A also <u>specifies that participation in the rental fleet vehicle registration program has no effect on the requirements of the International Registration Plan.</u>			

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						<p>Part B of the bill addresses the <u>treatment under the sales and use tax of vehicles owned by a rental car company</u>. Current law requires that a rental car company that purchases a truck pay sales tax on that truck but is not required to charge sales tax on the charge for renting the truck to a consumer. Part B makes such a purchase exempt from the sales tax and makes the rental subject to the rate of a taxable service. Part B also makes technical corrections to the tax law regarding trucks.</p>			
1917		2/1		Terry	An Act To Amend the Tax Laws of the State	<p><u>SEE MRS CHART AND Proposed Committee amendment:</u> https://legislature.maine.gov/doc/8027</p> <p>Part A makes changes to the insurance premiums tax and income tax law. Part A:</p> <p>1. Specifies that, for tax periods beginning on or after January 1, 2023, premiums on contracts sold by <u>insurance producers</u> through nonadmitted insurers and premiums paid by insureds on self-procured contracts from nonadmitted insurers are subject to tax at the higher of Maine's tax rate and the tax rate of the state of incorporation of the insurance company that is underwriting the policy; and</p> <p>2. Increases the <u>withholding rate applicable to certain gambling winnings</u> subject to Maine tax from 5% of the winnings to the highest marginal tax rate applicable to the tax year during which the winnings are paid, plus any other applicable tax under the Maine Revised Statutes, Title 36, Part 8 relating to income taxes.</p> <p>Part B makes changes to the property tax law. Part B:</p> <p>1. Requires <u>municipalities to annually provide information</u> needed by the Department of Administrative and Financial Services, Bureau of Revenue Services to conduct <u>state valuation</u>;</p>			

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						<p>2. <u>Removes an obsolete reference to state property tax;</u></p> <p>3. <u>Removes the requirement for benevolent and charitable institutions to be incorporated in Maine to be exempt from taxation;</u></p> <p>4. <u>Allows assessors to request information from taxpayers regarding property qualifying for an exemption that is subject to full or partial reimbursement by the State;</u></p> <p>5. <u>Strikes the provision under the deferred collection of homestead property taxes applying the abatement and appeals process under Title 36, chapter 105, subchapter 8 to situations in which the State Tax Assessor disagrees with the municipal valuation of a property subject to deferral; and</u></p> <p>6. <u>Replaces the term "homestead" with the term "permanent residence" in Title 36, section 6234, regarding municipal benefits to veterans, to better align the definition with the benefit to renters allowed under that section.</u></p> <p><u>Part C expands the penalty-free reclassification of land taxed under the Maine Tree Growth Tax Law and farm and open space law to include reclassifications into and out of working waterfront land without incurring a penalty. In addition, it clarifies and aligns the penalty provisions for tree growth, farm and open space and working waterfront current use classifications.</u></p> <p><u>Part D changes the monthly transfer of sales tax revenue to the ATV Recreational Management Fund to a biannual transfer, beginning July 1, 2023, of sales tax revenue from the prior fiscal year and clarifies that the transfer is reduced by the transfer to the Local Government Fund.</u></p>			
1919	2271			Evans	An Act To Encourage Job Growth in the Forest Products Sector through Tax Incentives	CURRENT LAW: In order to be eligible for ETIF benefits, an employer <u>must add 5 or more full time new qualified employees within a 2-year period.</u>			

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						<p>Qualified business receive reimbursement for wage withholding based on labor market unemployment rate. (30%/50%/75%) and 80% if in PTDZ.</p> <p><u>LD 1919:</u> This bill amends the <u>Maine Employment Tax Increment Financing Act</u> to allow <u>employers engaged in the forest products business</u>, which includes timber harvesting and the processing of trees as a renewable resource for wood or biomass, <u>if they add one of more qualified employees</u> within a one-year period, and to be eligible for reimbursement of certain training and other costs.</p> <p>This bill allows a qualified forest products business that <u>adds at least one new employee who works a minimum of 900 hours in a calendar year to be eligible for reimbursement for:</u></p> <ol style="list-style-type: none"> 1. <u>Up to 160 hours of the labor costs for both the new employee and the person training that employee;</u> 2. <u>The cost of training and equipment, other than the cost of labor, necessary to train that new employee;</u> and 3. <u>A percentage of Maine income tax withheld for a new employee in the first 3 years of employment as follows:</u> <ol style="list-style-type: none"> A. For the first calendar year of employment, 80%; B. For the 2nd calendar year of employment, 70%; and C. For the 3rd calendar year of employment, 60%. <p><u>If a new employee does not work at least 900 hours in the first calendar year of employment</u>, the partial first year of employment and the calendar year following that employee's start is considered the first year of employment for purposes of determining the percentage of reimbursement as long as that employee meets the requirements during the first full year of employment. Additionally, the <u>costs of training</u> incurred by the employer and the amount equal to the tax withheld for that new employee during that partial calendar year of employment <u>may be claimed by the employer</u> in the calendar year following the employee's start, as long as</p>			

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						<p>that employee meets all the requirements for qualification, including working at least 900 hours.</p> <p><u>In PH testimony, sponsor recommended:</u></p> <ol style="list-style-type: none"> 1. removing provisions from ETIF and making it a “stand alone” provision. 2. change threshold from “one new employee” to “3 new employees” 3. Remove requirement of employment for 900 hours and replace with “meets the eligibility conditions specified in the Maine Employment Security Law” 			
1937	2484			Luchini	An Act To Clarify the Exemption from Income Tax and Withholding Tax Liability for Certain Out-of-state Suppliers of Spirits Purchased by the Bureau of Alcoholic Beverages and Lottery Operations	<p>This bill provides, for <u>tax years beginning on or after 1/1/21</u> an exemption from income taxation or tax withholding for certain manufacturers of spirits or suppliers of spirits located outside the State that sell or ship spirits pursuant to an order or request placed by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations or an agent or contractor of the bureau.</p> <p>The bill also provides that spirits manufactured or produced outside the State and brought into the State pursuant to an order or request of the bureau are exempt from income tax liability, regardless of whether those spirits are stored at a warehouse operated or used by the bureau or at another facility as directed by the bureau, and regardless of whether the amount of the sales or the value of those spirits exceeds the thresholds for the determination of nexus as specified in the Maine Revised Statutes, Title 36, section 5200-B, subsection 1.</p>			
1941	2143	2/8		Curry	An Act To Clarify and Update the Maine Seed Capital Tax Credit Program	<p>This bill makes <u>changes to improve the effectiveness of the Maine Seed Capital Tax Credit Program</u> based upon concerns raised in the 2021 tax expenditure evaluation <u>report of the OPEGA</u>. The bill makes the following changes.</p> <ol style="list-style-type: none"> 1. It <u>reduces the tax credit from 40% to 30% of the eligible investment.</u> 			

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						<p>2. It <u>raises the aggregate investment limit</u> from \$3,500,000 to \$6,000,000 with not more than \$5,000,000 in a single calendar year.</p> <p>3. It <u>removes from eligibility investments in visual media production companies.</u></p> <p>4. It <u>defines export activities more narrowly.</u></p> <p>5. It <u>provides standards for review by the FAME of applications for a tax credit certificate.</u></p> <p>6. It increases the amount of <u>information required to be provided in annual reports by eligible businesses to the FAME and provides a financial penalty if a credit certificate is revoked for failure to report.</u></p> <p>7. It requires an <u>application for a tax credit certificate to be submitted within 60 days after the date of the investment.</u></p> <p>8. It <u>prohibits credits for investors and their family members who hold more than 25% interest in the business receiving the investment.</u></p> <p>9. It <u>provides that the tax credit for individual investors is refundable.</u></p> <p>10. It requires the <u>state agencies administering the seed capital tax credit to establish a working group to review issues identified by OPEGA report relating to administration of the credit and submit a report making recommendations for improvements to the TAX committee and to OPEGA by December 1, 2022.</u></p>			
1986	2544			Roche	An Act To Exempt Permanently Disabled Veterans from Payment of Property Tax	Current law provides an exemption from property taxes in an amount up to \$6,000 of the just value of the property to veterans of the Armed Forces of the United States who are disabled by injury or disease during active military service. This bill provides a property tax exemption up to 100% of the just value to a veteran who is totally and permanently disabled.			
1987	2618			Terry	An Act To Establish Municipal Cost Components for Unorganized	This bill establishes municipal cost components for state and county services provided to the unorganized territory that would normally be paid for by a			

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					Territory Services To Be Rendered in Fiscal Year 2022-23	municipality. The municipal cost components constitute the property tax for the unorganized territory.			