

**Taxation Committee
Supplemental Budget
2022-2023**



PROVISIONS IN THE SUPPLEMENTAL BUDGET 2-21-22

jsj/OFPR

TAXATION COMMITTEE

Reference number	Background	Budget proposal See budget materials	Change package(Should there be such a thing)	Recommendation
PART A				
DAFS				
1	Covid Pandemic Relief Payment Program P. A-5	Provides funding for \$510 disaster relief payments to eligible Maine citizens		
	Initiative	OSRF \$411,000,000 FY 22		
2	Bureau of Revenue Services P. A-8	Establishes one Revenue Agent necessary to comply with PL 2019, c.441 (Sales and use tax collection from marketplace facilitators)		
	Initiative	GF \$99,276 FY 23		
3	Bureau of Revenue Services P. A-8	Establishes 3 Tax Examiner positions and contracted temp support associated with new simplified student loan repayment credit)		
	Initiative	GF \$341,410 FY 23		

PROVISIONS IN THE SUPPLEMENTAL BUDGET 2-21-22

jsj/OFPR

Reference number	Background	Budget proposal See budget materials	Change package(Should there be such a thing)	Recommendation
4	Unorganized Territory Education and Services Fund – Finance p. 9 Initiative	None OSRF \$5,500,000 FY 23		Provides appropriations to cover cost of certain municipal services reimbursed to the counties for services provided in the unorganized territory Costs are covered by the municipal cost component that establishes property tax collection for municipal services in the UT
FINANCE AUTHORITY OF MAINE				
5	Educational Opportunity Tax Credit Marketing Fund P. A-72 Initiative		GF \$26,500 FY 23	Provides funds to FAME to market program (EdOp credit) throughout the State
STATE HOUSING AUTHORITY				Provides additional allocations to HOME Fund to reflect increased revenue projection per December 2021 report of Revenue Forecasting Committee
6	HOME Fund P. A-114 Initiative		OSR Funds \$9,759,154 FY 22 \$10,281,551 FY 23	FYI ONLY

PROVISIONS IN THE SUPPLEMENTAL BUDGET 2-21-22

jsj/OFFPR

Reference number	Background	Budget proposal See budget materials	Change package(Should there be such a thing)	Recommendation
STATE BOARD OF PROPERTY TAX REVIEW				
7	State Board of Property Tax Review p. A-147			Establishes a limited period Director position and a limited period office specialist to support the board through 6/30/25.
	Initiative		GF \$233,916 FY 23	
STATE TREASURER				
8	Disproportionate Tax Burden Fund p. A-155			Allocates funds for revenue sharing to municipalities with property tax rates exceeding 10 mills (RevSh 2) Brings allocations in line with projected available resources
	Initiative		\$474,977 FY 22 (\$245,876) FY 23	

PROVISIONS IN THE SUPPLEMENTAL BUDGET 2-21-22

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Reference number		Background	Budget proposal See budget materials	Change package(Should there be such a thing)	Recommendation
9	State-Municipal Revenue Services)	<p>Allocates funds for revenue sharing to all municipalities (RevSh 1)</p> <p>Brings allocations in line with projected available resources</p>			
	Initiative		<p>\$22,646,306 FY 22</p> <p>\$17,707,152 FY 23</p>		

PROVISIONS IN THE SUPPLEMENTAL BUDGET 2-21-22

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LANGUAGE PARTS					
Page numbers refer to page numbers in Language portion of budget materials	Current law	Budget proposal	MRS estimated fiscal impact	Change package	Recommendation
PART E EARNED INCOME TAX CREDIT pp. 12-14		Increases the earned income tax credit for tax years beginning on or after January 1, 2022, from 25% to 50% of the federal earned income tax credit for individuals with no qualifying children and from 12% to 25% of the federal earned income tax credit for all other eligible individuals.			
PART F PROPERTY TAX FAIRNESS CREDIT p. 15		Increases the maximum property tax fairness credit, for tax years beginning on or after 1/1/22, from \$750 to \$1,000 for resident individuals under 65 years of age and from \$1,200 to @1,500 for resident individuals 65 years of age or older.	Decreased income tax revenue: (\$26,234,724) FY 23		
			Decreased income tax revenue (\$6,650,000) FY 23		

PROVISIONS IN THE SUPPLEMENTAL BUDGET

2-21-22

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<p>PART G EDUCATIONAL OPPORTUNITY TAX CREDIT p. 15</p>	<p>Provides an income tax deduction, for tax years beginning on or after 1/1/22, for payments made directly to a lender on behalf of a taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by FAME for residents of the State employed by a business located in the State.</p>			<p>Decrease income tax revenue (\$54,340) FY 23</p>
<p>PART H JOB CREATION THROUGH EDUCATIONAL OPPORTUNITY PROGRAM p. 16-19</p>	<p>Replaces the current credit for educational opportunity with a broader and simpler refundable student loan repayment credit of up to \$2,000 for an individual's repayment of student loans for taxable years beginning on or after 1/1/2022. Unused credit carryover amounts form the credit for educational opportunity may be claimed and applied to the new credit by a qualified individual for tax years beginning before 1/1/27, subject to the annual credit limit of \$2,000. This Part also repeals the insurance premium tax credit for educational opportunity for tax years beginning on or after 1/1/22.</p>			<p>Decrease income tax revenue (39,967,334) FY 23</p>
<p>PART L COVID PANDEMIC RELIEF PAYMENT pp. 20-23</p>	<p>Creates the COVID Pandemic Relief Payment Program to Provide COVID Pandemic Relief payments to eligible Maine citizens of the State for reasonable and necessary unreimbursed expenses incurred as a result of the COVID-19 pandemic disaster. To fund the program, this Part creates the COVID Pandemic Relief Payment Program fund, Other Special Revenue Funds account and transfers \$411,000,000 to the Fund from the unappropriated surplus of the General Fund. The Fund may be used for a \$510 payment to each eligible Maine citizen and the costs of administration, programming, mailing, public outreach, and taxpayer assistance associated with the program.</p>			<p>Transfer from GF unappropriated surplus (\$411,000,000) FY 22</p>

TAX COMMITTEE

SUPPLEMENTAL BUDGET 2022

Administrative and Financial Services, Department of

COVID PANDEMIC RELIEF PAYMENT PROGRAM Z337

Initiative: Provides funding for a disaster relief program that will provide a \$510 relief payment to each eligible Maine citizen. The costs of administration, programming, mailing, public outreach, and taxpayer assistance must also come from the fund.

OTHER SPECIAL REVENUE FUNDS

All Other

	2021-22	2022-23
	411,000,000	
Total	411,000,000	0

Summary - OTHER SPECIAL REVENUE FUNDS

All Other

	2021-22	2022-23
	411,000,000	
Total	411,000,000	0

FINANCIAL AND PERSONNEL SERVICES - DIVISION OF 0713

Initiative: Provides funding for the approved reclassification of one Senior Staff Accountant position to an Accounting Analyst Supervisor position and transfers All Other to Personal Services to fund the reclassification.

FINANCIAL AND PERSONNEL SERVICES FUND

Personal Services

All Other

	2021-22	2022-23
	5,495	8,898
	(5,495)	(8,898)
Total	0	0

Initiative: Provides funding for the approved reorganization of one Office Assistant II position to a Public Service Manager II position and transfers All Other to Personal Services to fund the reorganization.

FINANCIAL AND PERSONNEL SERVICES FUND

Personal Services

All Other

	2021-22	2022-23
	50,315	52,625
	(50,315)	(52,625)
Total	0	0

Initiative: Continues and makes permanent one Staff Accountant position and one Public Service Coordinator I position previously established by Financial Order 001943 F2.

FINANCIAL AND PERSONNEL SERVICES FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	2021-22	2022-23
		2,000
		207,725
		8,333
Total	0	216,058

Summary - FINANCIAL AND PERSONNEL SERVICES FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	2021-22	2022-23
		2,000
	55,810	269,248
	(55,810)	(53,190)
Total	0	216,058

Administrative and Financial Services, Department of

PURCHASES - DIVISION OF 0007

Initiative: Provides funding to cover licensing costs to streamline the procurement workflow and contract review process.

2021-22 2022-23

GENERAL FUND

All Other

	53,000	102,509
Total	53,000	102,509

Summary - GENERAL FUND

All Other

	53,000	102,509
Total	53,000	102,509

REVENUE SERVICES - BUREAU OF 0002

Initiative: Establishes one Revenue Agent position which is required in order to comply with Public Law 2019, chapter 441 An Act Regarding the Collection of the Sales and Use Tax by Marketplace Facilitators and provides funding for related All Other costs.

2021-22 2022-23

GENERAL FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

		1,000
		90,943
		8,333
Total	0	99,276

Initiative: Establishes 3 Tax Examiner II positions in Maine Revenue Services beginning October 1, 2022 and provides All Other funding for contracted temporary staffing associated with the new simplified student loan repayment tax credit.

GENERAL FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

		3,000
		211,104
		130,306
Total	0	341,410

Summary - GENERAL FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

		4,000
		302,047
		138,639
Total	0	440,686

RISK MANAGEMENT - CLAIMS 0008

Initiative: Continues and makes permanent one Public Service Coordinator I position previously established by Financial Order 001783 F2 to assist with the recovery of funds owed to the State, eliminates one Assistant Risk Assessor position that is no longer needed, and transfers All Other to Personal Services to fund the additional cost.

2021-22 2022-23

RISK MANAGEMENT FUND

Personal Services

All Other

		57,096
		(57,096)
Total	0	0

Summary - RISK MANAGEMENT FUND

Personal Services

All Other

		57,096
		(57,096)
Total	0	0

JNORGANIZED TERRITORY EDUCATION & SERVICES FUND - FINANCE 0573.



Initiative: Provides funding to support the increasing revenue collected from unorganized territory taxpayers which is reimbursed to the counties.

OTHER SPECIAL REVENUE FUNDS

All Other

	2021-22	2022-23
		5,500,000
Total	0	5,500,000

Summary - OTHER SPECIAL REVENUE FUNDS

All Other

	2021-22	2022-23
		5,500,000
Total	0	5,500,000

WORKERS' COMPENSATION MANAGEMENT FUND PROGRAM 0802

Initiative: Establishes one Public Service Coordinator I position to reduce the case load per manager to closer align with industry standards and provides funding for related All Other costs.

WORKERS' COMPENSATION MANAGEMENT FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	2021-22	2022-23
		1,000
		114,353
		8,333
Total	0	122,686

Summary - WORKERS' COMPENSATION MANAGEMENT FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	2021-22	2022-23
		1,000
		114,353
		8,333
Total	0	122,686

Total Agency/Department

All Funds	412,014,108	19,108,673
GENERAL FUND	917,162	12,728,189
OTHER SPECIAL REVENUE FUNDS	411,000,000	5,500,000
FINANCIAL AND PERSONNEL SERVICES FUND		216,058
OFFICE OF INFORMATION SERVICES FUND		(48,819)
RISK MANAGEMENT FUND		
WORKERS' COMPENSATION MANAGEMENT FUND		122,686
ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND	91,009	230,481
ALCOHOLIC BEVERAGE FUND	5,837	261,551
STATE LOTTERY FUND		98,527
FIREFIGHTERS AND LAW ENFORCEMENT HEALTH INSURANCE PROG FUND		

DAIRY IMPROVEMENT FUND Z143

Initiative: Allocates funds to reflect increased revenue projections per the December 2021 report of the Revenue Forecasting Committee.

2021-22 2022-23

OTHER SPECIAL REVENUE FUNDS
All Other

	168,689	(7)
Total	<u>168,689</u>	<u>(7)</u>

Summary - OTHER SPECIAL REVENUE FUNDS
All Other

	2021-22	2022-23
	168,689	(7)
Total	<u>168,689</u>	<u>(7)</u>

EDUCATIONAL OPPORTUNITY TAX CREDIT MARKETING FUND Z174

Initiative: Provides funds to market the Job Creation Through Educational Opportunity Program throughout the State.

2021-22 2022-23

GENERAL FUND
All Other

		26,500
Total	<u>0</u>	<u>26,500</u>

Summary - GENERAL FUND
All Other

	2021-22	2022-23
		26,500
Total	<u>0</u>	<u>26,500</u>

Total Agency/Department

All Funds	168,689	26,493
GENERAL FUND		26,500
OTHER SPECIAL REVENUE FUNDS	168,689	(7)

1/18/21

FYI only

HOUSING AUTHORITY - STATE 0442

2021-22 2022-23

Initiative: Allocates funds to reflect increased revenue projections per the December 2021 report of the Revenue Forecasting Committee.

OTHER SPECIAL REVENUE FUNDS

All Other

	9,759,154	10,281,551
Total	9,759,154	10,281,551

2021-22 2022-23

Summary - OTHER SPECIAL REVENUE FUNDS

All Other

	9,759,154	10,281,551
Total	9,759,154	10,281,551

Total Agency/Department

All Funds

9,759,154 10,281,551

OTHER SPECIAL REVENUE FUNDS

9,759,154 10,281,551

PROPERTY TAX REVIEW - STATE BOARD OF 0357



Initiative: Establishes one limited-period Director of the Property Tax Review Board position and one limited period Office Specialist I position through June 08, 2025 to support the work of the State Property Tax Review Board.

	2021-22	2022-23
GENERAL FUND		
Personal Services		207,250
All Other		16,666
Total	0	223,916

	2021-22	2022-23
Summary - GENERAL FUND		
Personal Services		207,250
All Other		16,666
Total	0	223,916

<u>Total Agency/Department</u>		
All Funds		223,916
GENERAL FUND		223,916

ADMINISTRATION - TREASURY 0022

	2021-22	2022-23
Initiative: Provides funding for Unclaimed Property program's holder and constituent outreach.		
ABANDONED PROPERTY FUND		
All Other		50,000
Total	0	50,000

Initiative: Increase funding levels for the Unclaimed Property program by 5% based upon current expenditures.		
ABANDONED PROPERTY FUND		
All Other	16,273	16,273
Total	16,273	16,273

Initiative: Provides funding for Kelmar Fraud Index (KFI) services for the Unclaimed Property program.		
ABANDONED PROPERTY FUND		
All Other		15,000
Total	0	15,000

	2021-22	2022-23
Summary - ABANDONED PROPERTY FUND		
All Other	16,273	81,273
Total	16,273	81,273

DEBT SERVICE - TREASURY 0021

	2021-22	2022-23
Initiative: Adjusts funding levels for the Debt Service program based upon the current debt service schedule and anticipated issuance.		
GENERAL FUND		
All Other		2,281,922
Total	0	2,281,922

	2021-22	2022-23
Summary - GENERAL FUND		
All Other		2,281,922
Total	0	2,281,922

DISPROPORTIONATE TAX BURDEN FUND 0472

	2021-22	2022-23
Initiative: Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for FY22-23.		
OTHER SPECIAL REVENUE FUNDS		
All Other	474,977	(245,876)
Total	474,977	(245,876)

	2021-22	2022-23
Summary - OTHER SPECIAL REVENUE FUNDS		
All Other	474,977	(245,876)
Total	474,977	(245,876)

STATE - MUNICIPAL REVENUE SHARING 0020

Initiative: Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources for FY22-23.

	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS		
All Other	22,646,306	17,707,152
Total	22,646,306	17,707,152

Summary - OTHER SPECIAL REVENUE FUNDS
All Other

	2021-22	2022-23
All Other	22,646,306	17,707,152
Total	22,646,306	17,707,152

Total Agency/Department

All Funds	23,137,556	19,824,471
GENERAL FUND		2,281,922
OTHER SPECIAL REVENUE FUNDS	23,121,283	17,461,276
ABANDONED PROPERTY FUND	16,273	81,273

Sec. D-2. Maine Governmental Facilities Authority; issuance of securities. Pursuant to the Maine Revised Statutes, Title 4, section 1606, subsection 2 and section 1610-O, and notwithstanding the limitation contained in Maine Revised Statutes, Title 4, section 1606, subsection 2 regarding the amount of securities that may be issued, the Maine Governmental Facilities Authority is authorized to issue securities in its own name in an amount up to \$39,500,000. Proceeds must be used for the purpose of paying the costs associated with an inland fisheries and wildlife headquarters facility as designated by the Commissioner of Administrative and Financial Services.

Sec. D-3. Land Purchase. Notwithstanding any other provision of law, the Department of Administrative and Financial Services is authorized to purchase the following parcels of land and any buildings thereon together with railroad crossing and access rights along the Kennebec River in the City of Augusta for an Inland Fisheries and Wildlife headquarters facility:

Parcel 1, the former "Mill Site" parcel situated on the easterly side of the Kennebec River in Augusta, described in deed from American Tissue Mills of Maine, LLC, to Augusta Tissue, LLC, recorded in the Kennebec County Registry of Deeds in Book 8226, Page 167, acquired by the City of Augusta for unpaid taxes, and such rights as may be needed over the Drum Barker Road for access to a public way;

Parcel 2, containing 4.51 acres, more or less, known as 32 Willow Street, situated on the easterly side of the Kennebec River in Augusta, and described as Parcel I in deed from OneSteel Recycling, Inc. to AIM Recycling USA LLC recorded in the Kennebec County Registry of Deeds in Book 11601, Page 178; and

Such rail crossings as may be needed for access to and from Parcels 1 and 2.

PART D SUMMARY

This Part authorizes the Maine Governmental Facilities Authority to issue additional securities up to an amount of \$39,500,000 for an inland fisheries and wildlife headquarters facility and provides authority for the Department of Administrative and Financial Services to purchase the land.

PART E

Sec. E-1. 36 MRS §5219-S, sub-§1, as amended by PL 2021, c. 398, Pt. H, §3, is further amended to read:

1. Resident taxpayer; on or after January 1, 2020 but before January 1, 2022. ~~For tax years beginning on or after January 1, 2020 but before January 1, 2022,~~ a resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the

amount of 25% of the federal earned income credit for the same taxable year for a resident eligible individual who does not have a qualifying child and 12% of the federal earned income credit for the same taxable year for all other resident eligible individuals; except that, for taxable years beginning after December 31, 2020 and before January 1, 2022, a resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 20% of the federal earned income credit for the same taxable year.

Sec. E-2. 36 MRS §5219-S, sub-§1-A, is enacted to read:

1-A. Resident taxpayer; on or after January 1, 2022. For tax years beginning on or after January 1, 2022, a resident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year for a resident eligible individual who does not have a qualifying child and 25% of the federal earned income credit for the same taxable year for all other resident eligible individuals.

Sec. E-3. 36 MRS §5219-S, sub-§2 is amended to read:

2. Nonresident taxpayer; on or after January 1, 2020 but before January 1, 2022. ~~A~~For tax years beginning on or after January 1, 2020 but before January 1, 2022, a nonresident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal earned income credit for the same taxable year for a nonresident eligible individual who does not have a qualifying child and 12% of the federal earned income credit for the same taxable year for all other nonresident eligible individuals, except that, for taxable years beginning after December 31, 2020 and before January 1, 2022, all nonresident eligible individuals are allowed a credit in the amount of 20% of the federal earned income credit for the same taxable year, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

Sec. E-4. 36 MRS §5219-S, sub-§2-A, is enacted to read:

2-A. Nonresident taxpayer; on or after January 1, 2022. For tax years beginning on or after January 1, 2022, a nonresident individual who is an eligible individual is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year for a nonresident eligible individual who does not have a qualifying child and 25% of the federal earned income credit for the same taxable year for all other nonresident eligible individuals, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

Sec. E-5. 36 MRSA §5219-S, sub-§3 is amended to read:

3. Part-year resident taxpayer; on or after January 1, 2020 but before January 1, 2022.
~~For tax years beginning on or after January 1, 2020 but before January 1, 2022, an eligible individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal earned income credit for the same taxable year for an eligible part-year individual who does not have a qualifying child and 12% of the federal earned income credit for the same taxable year for all other eligible part-year individuals, except that, for taxable years beginning after December 31, 2020 and before January 1, 2022, all eligible part-year individuals are allowed a credit in the amount of 20% of the federal earned income credit for the same taxable year, multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.~~

Sec. E-6. 36 MRSA §5219-S, sub-§3-A, is enacted to read:

3-A. Part-year resident taxpayer; on or after January 1, 2022. For tax years beginning on or after January 1, 2022, an eligible individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal earned income credit for the same taxable year for an eligible part-year individual who does not have a qualifying child and 25% of the federal earned income credit for the same taxable year for all other eligible part-year individuals, multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

PART E SUMMARY

This Part increases the earned income tax credit for tax years beginning on or after January 1, 2022, from 25% to 50% of the federal earned income tax credit for individuals with no qualifying children and from 12% to 25% of the federal earned income tax credit for all other eligible individuals.

PART F

Sec. F-1. 36 MRSA § 5219-KK, sub-§ 2-D, as enacted by PL 2021, c.398, Pt H, § 8, is amended to read:

2-D. Credit in 2022 and after. For tax years beginning on or after January 1, 2022, a resident individual is allowed a credit against the taxes imposed under this Part equal to the amount by which the benefit base for the resident individual exceeds 4% of the resident individual's income. The credit may not exceed ~~\$750~~\$1,000 for resident individuals under 65 years of age as of the last day of the taxable year or ~~\$1,200~~\$1,500 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the ~~\$1,200~~\$1,500 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

PART F
SUMMARY

This Part increases the maximum property tax fairness credit for tax years beginning on or after January 1, 2022, from \$750 to \$1,000 for resident individuals under 65 years of age and from \$1,200 to \$1,500 for resident individuals 65 years of age and older.

PART G

Sec. G-1. 36 MRSA § 5122, sub-§2, ¶XX is enacted to read:

XX. For tax years beginning on or after January 1, 2022, to the extent included in federal adjusted gross income, student loan payments made directly to a lender on behalf of the taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State.

PART G
SUMMARY

This Part provides an income tax deduction for payments made directly to a lender on behalf of a taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State. The deduction applies to tax years beginning on or after January 1, 2022.

PART H

Sec. H-1. 20-A MRSA §12541, sub-§1-A is repealed.

Sec. H-2. 20-A MRSA §12541, sub-§4 is repealed.

Sec. H-3. 20-A MRSA §12541, sub-§4-A is repealed.

Sec. H-4. 20-A MRSA §12541, sub-§5 is repealed.

Sec. H-5. 20-A MRSA §12541, sub-§8 is repealed.

Sec. H-6. 20-A MRSA §12541, sub-§9 is repealed.

Sec. H-7. 20-A MRSA §12542, sub-§1, first full paragraph is amended to read:

1. **Program created; goals.** The Job Creation Through Educational Opportunity Program, referred to in this chapter as "the program," is created to provide ~~an educational opportunity~~ a student loan repayment tax credit to Maine residents who obtain an associate degree or a bachelor's degree in this State, and live, work and pay taxes in this State thereafter. The program is designed to achieve the following goals:

Sec. H-8. 20-A MRSA §12542, sub-§4-A is amended to read:

4-A. **Administration.** The program must be administered as described in this subsection.

A. The department, in consultation with the State Tax Assessor, shall make information about the program available on the department's publicly accessible website. The department shall refer any questions regarding the program to the relevant accredited Maine community college, college or university's financial aid office. The assessor shall provide to an accredited Maine community college, college or university information that is necessary to document a student's eligibility for the ~~educational opportunity~~ student loan repayment tax credit.

B. ~~A Maine resident who enrolls in an accredited Maine community college, college or university who receives financial aid in the form of loans must have the opportunity to participate in the program.~~ An accredited Maine community college, college or university shall, at a minimum, provide information about the program in financial aid award materials, entrance interviews, exit interviews, materials listing financial aid resources and, as appropriate, any promotional materials provided by state agencies, to the extent such contacts with students are already part of the accredited Maine community college, college or university's procedures.

C. ~~An accredited Maine community college, college or university must document for the student information required for purposes of the educational opportunity tax credit, including, once the student has earned the degree, the total principal of loans the student received as part of that student's financial aid package related to course work completed at the accredited Maine community college, college or university. The accredited Maine community college, college or university shall provide an original or certified copy to the student and shall retain a copy of the documentation in its files for at least 10 years after the student graduates.~~

Sec. H-9. 20-A MRSA §12542, sub-§5 is repealed.

Sec. H-10. 20-A MRSA §12543 is amended to read:

It is the intent of the Legislature that neither the existence of the program nor the benefits provided under the educational opportunity student loan repayment tax credit serve as justification to decrease other funds appropriated or allocated to accredited Maine community colleges, colleges or universities, including institutions in the Maine Community College System and the University of Maine System, or to other higher education programs.

Sec. H-11. 20-A MRSA §12545 is repealed.

Sec H-12. 36 MRSA §2535, is amended to read:

A taxpayer is allowed a credit against the tax otherwise due under this chapter as determined under section 5217-D. The credit provided by this section, including any carryover of excess credit from prior years, may not be claimed for tax years beginning on or after January 1, 2022.

Sec H-13. 36 MRSA §5217-D, sub-§6 is enacted to read:

6. Application. Notwithstanding any provision of this section to the contrary, the credit provided by this section, including any carryover of excess credit from prior years, may not be claimed for tax years beginning on or after January 1, 2022.

Sec H-14. 36 MRSA §5217-E is enacted to read:

§5217-E. Student Loan Repayment Tax Credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Accredited community college, college or university" means an institution of higher education that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education.

B: "Earned income" has the same meaning as in the Code, Section 32(c)(2).

B. "Employer" has the same meaning as the term "employing unit," as defined in Title 26, section 1043, subsection 10.

C. "Financial aid package" means financial aid obtained by a student for attendance at an accredited community college, college or university for an associate, bachelor's or graduate degree obtained by the student from an accredited community college, college or university after December 31, 2007. "Financial aid package" may include private loans or less than the full amount of loans under federal programs, depending on the practices of the accredited community college, college or university.

D. "Qualified individual" means an individual, including the spouse filing a joint return with the individual under section 5221, who is eligible for the credit provided in this section. An individual is eligible for the credit if the individual:

- (1) Obtained an associate, bachelor's or graduate degree from an accredited community college, college or university after December 31, 2007;

(2) During the taxable year, was a resident individual as defined in section 5102(5); and

(3) During the taxable year had earned income of at least the State minimum wage, as defined in Maine Revised Statutes, Title 26, section 664, subsection 1, as adjusted for cost of living increases, as determined on January 1 of the taxable year, multiplied by 936 hours. The assessor may adopt rules reducing this amount if a portion of the taxable year falls within a disaster period. Rules adopted pursuant to this subparagraph are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

E. "Regional accrediting association" means a regional accrediting association that is either (1) any of the United States accrediting associations/commissions that comprise the Council of Regional Accrediting Commissions, or (2) an equivalent non-United States accrediting association, commission, or government entity that is a reliable authority on the quality of the education or training provided by the institutions of higher education it accredits or charters and that applies standards substantially equivalent to those utilized by the associations/commissions that comprise the Council of Regional Accrediting Commissions.

2. Credit allowed. For taxable years beginning on or after January 1, 2022, a qualified individual is allowed a refundable credit against the tax imposed by this Part in accordance with the provisions of this section. The credit, with respect to a qualified individual, is equal to the amount of loan payments made directly by the taxpayer to the lender during the taxable year plus the amount of any carryover allowed in accordance with paragraph C, up to a maximum of \$2,000. The credit is created to implement the Job Creation Through Educational Opportunity Program established under Title 20-A, chapter 428-C.

A. A taxpayer may claim a credit under this section based on loan payments made directly by the taxpayer to a relevant lender or lenders only with respect to loans that are part of the qualified individual's financial aid package and only with respect to loan payment amounts paid directly by the taxpayer during that part of the taxable year that the qualified individual was a resident individual. Refinanced loans or consolidated loans that are part of the qualified individual's financial aid package are eligible for the credit under this section if the refinanced loans or consolidated loans remain separate from other debt, but only in proportion to the portion of the loan payments that are otherwise eligible under this section.

B. Loans obtained from a person related to the qualified individual or from any person by reason of a loan under any qualified employer plan or under a contract referred to in the Code, Section 72(p)(5) do not qualify for the credit under this section. For purposes of this paragraph, a person is considered related to the qualified individual if that person meets the criteria listed in the Code, Section 267(b) or Section 707(b)(1). As used in this paragraph, "qualified employer plan" has the same meaning as in the Code, Section 72(p)(4).

C. For taxable years beginning on or after January 1, 2022 and before January 1, 2027, a qualified individual with unused carryover credits pursuant to section 5217-D, subsection 2, paragraph A from the credit for educational opportunity generated in the past 10 years, may carry over and apply to the credit amount allowed pursuant to this section the portion, as reduced from year to year, of any unused credits.

D. A qualified individual may only receive a credit otherwise allowed pursuant to this section up to a total lifetime credit cap amount of \$25,000.

Sec. H-15. 36 MRSA §5122, sub-§ 2, ¶ FF, as amended by PL 2013, c. 525, §14, is repealed.

Sec. H-16. Application. The section of this Part that repeals Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph FF applies to taxable years beginning on or after January 1, 2022.

PART H SUMMARY

This Part replaces the current credit for educational opportunity with a broader and simpler credit of up to \$2,000 for an individual's repayment of student loans for taxable years beginning on or after January 1, 2022. Unused credit carryover amounts from the credit for educational opportunity may be claimed and applied to the new credit by a qualified individual for tax years beginning before January 1, 2027, subject to the annual credit limit of \$2,000. This also repeals the insurance premiums tax credit for educational opportunity for tax years beginning on or after January 1, 2022.

PART I

~~**Sec. I-1. Transfer from General Fund unappropriated surplus; Maine Budget Stabilization Fund.** Notwithstanding any other provision of law, on or before June 30, 2022, the State Controller shall transfer \$10,000,000 from the unappropriated surplus of the General Fund to the Maine Budget Stabilization Fund established in the Maine Revised Statutes, Title 5, section 1532.~~

PART I SUMMARY

~~This Part requires the transfer of \$10,000,000 in fiscal year 2021-22 from the unappropriated surplus of the General Fund to the Maine Budget Stabilization Fund.~~

PART J

~~**Sec. J-1. Transfer from General Fund unappropriated surplus; Maine Military Reserve Fund.** Notwithstanding any other provision of law, the State Controller shall transfer \$6,500,000 from the General Fund unappropriated surplus to the Maine Military Reserve Fund, established under the Maine Revised Statutes, Title 5, section 1523, within the Department of Administrative and Financial Services no later than June 30, 2022 for the purpose of settling outstanding obligations of the Maine Military Authority.~~

**PART J
SUMMARY**

This Part requires the transfer of \$6,500,000 in fiscal year 2021-22 from the unappropriated surplus of the General Fund to the Maine Military Reserve Fund to settle outstanding obligations of the Maine Military Authority.

PART K

Sec. K-1. Transfer; Reserve for General Fund Operating Capital to a COVID-19 response fund. Notwithstanding any provision of law to the contrary, the State Controller may transfer up to \$8,500,000 from the balance available in the Reserve for General Fund Operating Capital to a COVID-19 response fund established by the State Controller to address funding needs related to the novel coronavirus disease, known as COVID-19, through June 30, 2023. Amounts transferred may be expended based on allotment established by financial order approved by the State Budget Officer and the Governor. The amounts transferred are considered adjustments to appropriations. The Governor shall inform the Legislative Council and the Joint Standing Committee on Appropriations and Financial Affairs immediately upon such a transfer from the Reserve for General Fund Operating Capital. Any remaining balance in the COVID-19 response fund on July 1, 2023 must be transferred by the State Controller to the Reserve for General Fund Operating Capital. All amounts received as reimbursement for expenses originally paid by the COVID-19 response fund, up to \$8,500,000, from any funding source whatsoever, must be returned to the Reserve for General Fund Operating Capital in accordance with this section.

**PART K
SUMMARY**

This Part authorizes the State Controller to transfer up to \$8,500,000 from the Reserve for General Fund Operating Capital to a COVID-19 response fund. The funds may be expended based on allotment established by financial order approved by the State Budget Officer and the Governor. Any reimbursements received for expenses paid from these funds must be returned to the Reserve for General Fund Operating Capital. Any remaining balance in the COVID-19 response fund on July 1, 2023 must be transferred by the State Controller to the Reserve for General Fund Operating Capital.

PART L

Sec. L-1. COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account established. The State Controller shall establish a nonlapsing COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account, which is funded through a

transfer from the available balance of the unappropriated surplus of the General Fund pursuant to section 2 of this Part.

Sec. L-2. Transfer from General Fund unappropriated surplus; COVID Pandemic Relief Payment Program Fund. Notwithstanding any other provision of law to the contrary, on or before June 30, 2022, the State Controller shall transfer \$411,000,000 from the unappropriated surplus of the General Fund to the Department of Administrative & Financial Services, COVID Pandemic Relief Payment Program Fund, Other Special Revenue Fund account for the purpose of providing payments to help eligible Maine citizens recover from economic impacts from the epidemic related to coronavirus disease 2019, referred to in this Part as "the COVID-19 pandemic." At the close of fiscal year 2023-24, amounts remaining in the COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account must be transferred to the Budget Stabilization Fund.

Sec. L-3. COVID Pandemic Relief Payment Program established. The COVID Pandemic Relief Payment Program is established to help Maine people respond to the economic fallout of the COVID-19 pandemic and enable Maine people to combat rising costs due to pandemic-induced inflation and supply-chain impacts. This relief payment can be utilized by eligible Maine citizens to offset expenses incurred as a result of the COVID-19 pandemic, including, without limitation, personal, family, living or funeral expenses.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Assessor" means the State Tax Assessor.

B. "Eligible Maine citizen" means an individual who:

- (1) Filed, by October 31, 2022, a Maine income tax return as a full-year resident of the State for the tax year;
- (2) Has federal adjusted gross income for the tax year of less than:
 - (a) For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$150,000;
 - (b) For an individual filing as a head of household, \$112,500;
 - (c) For a single individual, \$75,000; or
 - (d) For married persons filing separate returns, \$75,000; and
- (3) May not be claimed as a dependent on another taxpayer's return for that tax year.

C. "Fund" means the COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account established by the State Controller pursuant to section 1.

D. "Relief payment" means the COVID Pandemic Relief Payment determined pursuant to subsection 2.

E. "Tax year" means a tax year beginning on or after January 1, 2021 but not later than December 31, 2021.

Any other terms used in this section have the same meaning as when used in a comparable context in the Maine Revised Statutes, Title 36, Part 8 relating to Maine income taxes, unless different meanings are clearly required.

2. COVID Pandemic Relief Payment. The assessor shall make COVID Pandemic Relief payments in accordance with this subsection.

A. The assessor shall identify each eligible Maine citizen, as defined pursuant to subsection 1.

B. Beginning on or after July 1, 2022 but not later than December 31, 2022, the assessor shall make a \$510 relief payment to each eligible Maine citizen. Funds for the relief payments must come from the Fund and are not subject to setoff to debts owed to agencies of the State.

C. An individual who has not received a payment under paragraph B may provide documentation to the assessor by March 31, 2023 showing that the individual is an eligible Maine citizen. The assessor shall review the documentation, determine if the individual is an eligible Maine citizen and notify the individual of any adverse determination. This determination is final agency action not reviewable pursuant to the Maine Revised Statutes, Title 36, section 151.

D. By June 30, 2023, the assessor shall make a \$510 relief payment to each eligible Maine citizen determined eligible pursuant to paragraph C. Funds for the relief payments must come from the Fund and are not subject to setoff to debts owed to agencies of the State.

Sec. L-4. State income tax subtraction modification. For tax years beginning on or after January 1, 2022 but not later than December 31, 2023, in determining the taxable income of a resident individual, within the meaning of the Maine Revised Statutes, Title 36, section 5122, federal adjusted gross income shall be reduced by an amount equal to the COVID Pandemic Relief Payment received by the taxpayer pursuant to this Part, to the extent the payment is included in federal adjusted gross income for the taxable year.

Sec. L-5. Designation as unclaimed property. For purposes of the COVID Pandemic Relief Payment Program, COVID Pandemic Relief Payment checks that remain undeposited on

January 1, 2024, are to be treated as unclaimed property, not subject to the notice and receipt provisions set forth in 33 M.R.S. § 2101 and the one-year dormancy period set forth in 33 M.R.S. § 2061, as applied to such checks. The State Treasurer shall use unclaimed property systems and networks to find the proper recipients of such checks as quickly as possible to reduce the adverse economic consequences of COVID-19.

PART L SUMMARY

This Part creates the COVID Pandemic Relief Payment Program to provide COVID Pandemic Relief Payments to eligible Maine citizens to promote the general welfare of the citizens of the State for reasonable and necessary unreimbursed expenses incurred as a result of the COVID-19 pandemic disaster. To fund the program, this Part creates the COVID Pandemic Relief Payment Program Fund, Other Special Revenue Funds account and transfers \$411,000,000 to the Fund from the unappropriated surplus of the General Fund. The Fund may be used for a \$510 payment to each eligible Maine citizen and the costs of administration, programming, mailing, public outreach, and taxpayer assistance associated with the program.

PART M

~~Sec. M-1. 12 MRSA §1802 is amended to read:~~

~~§1802. Bureau of Parks and Lands established~~

~~There is established within the Department of Agriculture, Conservation and Forestry the Bureau of Parks and Lands, which shall carry out the responsibilities of State Government relating to parks, historic sites, submerged and intertidal lands, public reserved lands and nonreserved public lands.~~

~~1. **Director.** The executive head of the bureau is the director.~~

~~A. The powers and duties of the position of director may not be combined with any other position within the bureau or department.~~

~~B. The position of director may not be filled in an acting capacity; the appointee must be a permanent full-time employee.~~

~~2. **Deputy director.** The director is assisted in executive duties by a deputy director. The deputy director position is a classified, confidential position.~~