

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 68

H.P. 32

House of Representatives, January 8, 2025

An Act to Amend the State Tax Laws

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 204.

Received by the Clerk of the House on January 6, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative CLOUTIER of Lewiston.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **PART A**

3 **Sec. A-1. 33 MRSA §203, first ¶**, as amended by PL 2019, c. 607, Pt. A, §3, is
4 further amended to read:

5 Deeds and all other written instruments before recording in the registries of deeds,
6 except those issued by a court of competent jurisdiction and duly attested by the proper
7 officer thereof, and excepting plans and notices of foreclosure of mortgages and certain
8 financing statements as provided in Title 11, section 9-1501, subsection (1), paragraph (a),
9 and excepting notices of liens for internal revenue taxes and certificates discharging such
10 liens and excepting notices of liens for the collection of taxes assessed pursuant to Title 36,
11 Part 1 and Parts 3 to 8 and Title 26, chapter 13, and releases discharging such liens, and
12 excepting notices of liens for the collection of taxes assessed pursuant to Title 36, Part 2
13 and Part 9 when filed by the State Tax Assessor, and releases discharging such liens, must
14 be acknowledged by the grantors, or by the persons executing any such written instruments,
15 or by one of them, or by their attorney executing the same, or by the lessor in a lease or one
16 of the lessors or lessor's attorney executing the same, before a notary public in the State, or
17 before an attorney-at-law duly admitted and eligible to practice in the courts of the State,
18 if within the State; or before any clerk of a court of record having a seal, notary public or
19 commissioner appointed by the Governor of this State for the purpose, or a commissioner
20 authorized in the state where the acknowledgment is taken, within the United States; or
21 before a minister, vice-consul or consul of the United States or notary public in any foreign
22 country.

23 **Sec. A-2. 36 MRSA §693, sub-§1**, as amended by PL 2017, c. 170, Pt. B, §8, is
24 further amended to read:

25 **1. Reporting.** On or before ~~April~~ May 1st of each year, a taxpayer claiming an
26 exemption under this subchapter shall file a report with the assessor of the taxing
27 jurisdiction in which the property would otherwise be subject to taxation on April 1st of
28 that year. The report must identify the property for which exemption is claimed that would
29 otherwise be subject to taxation on April 1st of that year and must be made on a form
30 prescribed by the State Tax Assessor or substitute form approved by the State Tax Assessor.
31 The State Tax Assessor shall furnish ~~copies of~~ access to the form to each municipality in
32 the State and the form must be made available to taxpayers prior to April 1st annually. The
33 assessor of the taxing jurisdiction may require the taxpayer to sign the form and make oath
34 to its truth. ~~If the report is not filed by April 1st, the filing deadline is automatically~~
35 ~~extended to May 1st without the need for the taxpayer to request or the assessor to grant~~
36 ~~that extension.~~ Upon written request, before the commitment of taxes, the assessor may
37 ~~grant further extensions, for good cause, an extension of time not to exceed 3 months to~~
38 file the report. If a taxpayer fails to file the report in a timely manner, including any
39 ~~extensions~~ extension of time, the taxpayer may not obtain an exemption for that property
40 under this subchapter for that tax year. The assessor of the taxing jurisdiction may require
41 in writing that a taxpayer answer in writing all reasonable inquiries as to the property for
42 which exemption is requested. A taxpayer has 30 days from receipt of such an inquiry to
43 respond. Upon written request, a taxpayer is entitled to a 30-day extension to respond to
44 the inquiry and the assessor may at any time grant additional extensions to respond to the
45 inquiry upon written request. The answer to any such inquiry is not binding on the assessor.

1 All notices and requests provided pursuant to this subsection must be made by personal
2 delivery or certified mail and must conspicuously state the consequences of the taxpayer's
3 failure to respond to the notice or request in a timely manner.

4 If an exemption has already been accepted and the State Tax Assessor subsequently
5 determines that the property is not entitled to exemption, a supplemental assessment must
6 be made within 3 years of the original assessment date with respect to the property in
7 compliance with section 713, without regard to the limitations contained in that section
8 regarding the justification necessary for a supplemental assessment.

9 **PART B**

10 **Sec. B-1. 36 MRSA §1760, sub-§25**, as amended by PL 2015, c. 300, Pt. A, §18,
11 is further amended to read:

12 **25. Watercraft purchased by nonresidents.** Sales to or use by a person that is not a
13 resident of this State of watercraft or materials used in watercraft as specified in this
14 subsection. This subsection does not apply to the lease or rental of a watercraft to a person
15 that is not a resident of this State.

16 A. The following are exempt when the sale is made in this State to a person that is not
17 a resident of this State and the watercraft is sailed or transported outside the State within
18 30 days of delivery by the seller:

19 (1) A watercraft;

20 (2) Sales, under contract for the construction of a watercraft, of materials to be
21 incorporated in that watercraft; and

22 (3) Sales of materials to be incorporated in the watercraft for the repair, alteration,
23 refitting, reconstruction, overhaul or restoration of that watercraft.

24 B. The purchase of a watercraft outside this State is exempt if the watercraft is
25 registered outside the State by the purchaser and used outside the State by the purchaser
26 and the watercraft is present in the State not more than 30 days, not including any time
27 spent in this State for temporary storage, during the 12 months following its purchase.
28 For purposes of this paragraph, "used outside the State" does not include storage but
29 means actual use of the watercraft for a purpose consistent with its design.

30 C. If, for a purpose other than temporary storage, a watercraft is present in this State
31 for more than 30 days during the 12-month period following its date of purchase, the
32 exemption applies only to 60% of the sale price of the watercraft or materials for the
33 construction, repair, alteration, refitting, reconstruction, overhaul or restoration of the
34 watercraft, as specified in paragraph A.

35 **Sec. B-2. 36 MRSA §1760, sub-§113, ¶B**, as enacted by PL 2021, c. 681, Pt. D,
36 §2, is amended to read:

37 B. "Sales sourced to tribal land" means sales sourced pursuant to section 1819 to a
38 location on tribal land. In addition, sales of motor vehicles other than those that are
39 being leased for a period of less than one year to a tribal member are sales sourced to
40 tribal land if the vehicle is intended to be driven or transported to tribal land
41 immediately upon receipt of the vehicle.

1 employer for the benefit of its employees under the Code, Section 401(a),
2 Section 403 or Section 457(b), except that distributions made pursuant to a
3 ~~Section 457(b) plan~~ are not eligible for the deduction provided by this
4 paragraph if they are made prior to age 55 and are not part of a series of
5 substantially equal periodic payments made for the life of the primary recipient
6 or the joint lives of the primary recipient and that recipient's designated
7 beneficiary.

8 **Sec. C-3. 36 MRSA §5195, sub-§20**, as enacted by PL 2019, c. 380, §2, is amended
9 to read:

10 **20. Reviewed year.** "Reviewed year" means the taxable year of a partnership that is
11 subject to a partnership-level audit, or that files an administrative adjustment request, from
12 which federal adjustments arise.

13 **Sec. C-4. 36 MRSA §5196, sub-§3, ¶B**, as amended by PL 2021, c. 181, Pt. A,
14 §8, is further amended by amending subparagraph (10) to read:

15 (10) If the result in subparagraph (9) is a positive amount, ~~compute~~ interest and
16 penalties pursuant to sections 186 and 187-B, ~~respectively, and add these amounts~~
17 ~~to be determined on~~ the amount computed in subparagraph (9) as adjusted by any
18 applicable credit pursuant to paragraph C. For purposes of this subparagraph,
19 notwithstanding any provision of law to the contrary, interest and penalty amounts
20 with respect to the tax due under this subsection accrue beginning on the 15th day
21 of the 3rd month following the end of the taxable year of a partnership that was
22 subject to the partnership-level audit or administrative adjustment request; and

23 **Sec. C-5. 36 MRSA §6753, sub-§4, ¶A**, as enacted by PL 2009, c. 461, §26, is
24 amended to read:

25 A. Pursuant to Title 30-A, section 5250-J, subsection 4-A, "base level of employment"
26 may be adjusted ~~to mean 25% of the average number of employees of that business~~
27 ~~over the 3 months immediately preceding the catastrophic occurrence~~ for a qualified
28 Pine Tree Development Zone business as defined in Title 30-A, section 5250-I,
29 subsection 17.

30 **SUMMARY**

31 This bill does the following.

32 Part A:

- 33 1. Expands the exception to the requirement that liens are notarized that applies to
34 liens filed by the Department of Administrative and Financial Services, Maine Revenue
35 Services to include those filed pursuant to the Maine Revised Statutes, Title 36, Part 9,
36 thereby including liens filed pursuant to the property tax deferral program; and
- 37 2. Removes the automatic extension for business equipment tax exemption
38 applications and replaces it with an extension for good cause of up to 3 months, changes
39 the filing deadline to May 1st and removes the requirement for Maine Revenue Services to
40 provide paper copies of the application.

41 Part B:

1 1. Limits the sales tax exemption for watercraft or materials used in watercraft sold to
2 or used by a person that is not a resident of this State to exclude the lease or rental of
3 watercraft;

4 2. Clarifies that, for the purposes of the sales tax exemption for sales sourced to tribal
5 land, the sale of a motor vehicle to a tribal member or a tribal entity is sourced to tribal land
6 if the vehicle is intended to be driven or transported to tribal land immediately upon receipt
7 of the vehicle; and

8 3. Clarifies that the tax levy on casual sales includes casual rentals and applies the
9 existing 15-day safe harbor for the casual rental of living quarters to those rentals.

10 Part C:

11 1. Updates the exclusion from the calculation of payments to the Loring Job Increment
12 Financing Fund to also exclude state income withholding taxes that are based on the gross
13 wages used to calculate the Maine Employment Tax Increment Financing Program benefit;

14 2. Specifies that early retirement distributions from an employee retirement plan that
15 are reported as normal distributions are not eligible for the pension income deduction unless
16 part of a series of substantially equal periodic payments made for the life of the primary
17 recipient or the joint lives of the primary recipient and that recipient's designated
18 beneficiary;

19 3. Clarifies that "reviewed year," in the laws governing income taxation of
20 partnerships, includes the taxable year of a partnership that files an administrative
21 adjustment request from which federal adjustments arise;

22 4. Specifies that the original due date for calculating interest and penalties of any
23 partnership income tax as a result of a federal adjustment from a partnership audit or
24 administrative adjustment request is the 15th day of the 3rd month following the end of the
25 taxable year of a partnership that was subject to the partnership-level audit or administrative
26 adjustment request; and

27 5. Corrects a cross-reference in the laws governing employment tax increment
28 financing to reference a qualified Pine Tree Development Zone business.