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S.P. 334

In Senate, March 4, 2025

An Act to Establish a State Tax Amnesty Program to Increase Revenue Collections

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DAREK M. GRANT Secretary of the Senate

Presented by Senator BALDACCI of Penobscot. Cosponsored by Representative FREDERICKS of Sanford and Senator: MARTIN of Oxford.

1	Be it enacted by the People of the State of Maine as follows:
2	Sec. 1. 36 MRSA c. 914-E is enacted to read:
3	CHAPTER 914-E
4	2025 MAINE TAX AMNESTY PROGRAM
5	§6621. 2025 Maine Tax Amnesty Program established
6 7 8 9 10 11	There is established the 2025 Maine Tax Amnesty Program, referred to in this chapter as "the tax amnesty program." The tax amnesty program is intended to encourage delinquent taxpayers to comply with the State's tax laws and to enable the assessor to identify and collect previously unreported taxes and to accelerate collection of certain delinquent tax liabilities. The long-term goal of the tax amnesty program is to improve taxpayer compliance with the State's tax laws.
12 13	§6622. Administration; program qualifications; taxpayer immune from prosecution and penalties
14 15	<u>The assessor shall administer the tax amnesty program. The following provisions</u> govern eligibility for the tax amnesty program.
16 17 18 19	1. Qualifying tax liabilities. The tax amnesty program applies to tax liabilities delinquent as of September 30, 2025, including tax due for which a return has not been filed. A taxpayer may participate in the tax amnesty program to the extent of the uncontested portion of an assessed liability.
20 21 22 23 24	2. Taxpayer participation while under audit or subject to administrative or judicial proceeding. A taxpayer may participate in the tax amnesty program whether or not the taxpayer is under audit and without regard to whether the amount due is subject to a pending administrative or judicial proceeding, except that the following circumstances disqualify a taxpayer from participation.
25 26 27 28	A. The taxpayer is currently charged with, and has been accepted by the Attorney General for criminal prosecution arising from, a violation of the state tax laws as provided in this Title or Title 17-A, or is applying for relief on a debt that is the result of a criminal conviction.
29 30	B. The taxpayer is applying for relief with respect to a tax liability for which the State has secured a warrant or civil judgment in its favor in Superior Court.
31 32 33 34 35	3. Taxpayer waives right to protest return or seek refund under tax amnesty program. Participation in the tax amnesty program is conditioned upon the taxpayer's agreement to forgo the right to protest or pursue an administrative or judicial proceeding with regard to returns filed under the tax amnesty program or to claim any refund of money paid under the tax amnesty program.
36 37 38 39 40	4. Immunity from prosecution and penalties; reduction of interest. Except as otherwise provided in this chapter, a taxpayer with a tax liability within the limitations of this chapter and who meets the eligibility requirements of this section is immune from criminal or civil prosecution or civil penalties with respect to that tax liability and is required to pay only 1/2 of the interest associated with that tax liability if:

2 in section 6625 in the manner required by the assessor; 3 B. The assessor approves the return; and 4 C. The taxpayer pays all tax and interest as determined on the return before the end of 5 the amnesty period described in section 6624. 6 §6623. Undisclosed liabilities 7 This chapter may not be construed to prohibit the assessor from instituting civil or criminal proceedings against any taxpayer with respect to any amount of tax that is not 8 disclosed either on the 2025 amnesty tax return described in section 6625 or on any other 9 10 return filed with the assessor. 11 §6624. Amnesty period 12 The time period during which a 2025 amnesty tax return described in section 6625 may be filed is October 1, 2025 to December 31, 2025. 13 14 §6625. 2025 amnesty tax return 15 The assessor shall prepare and make available a 2025 amnesty tax return that taxpayers must complete and file to participate in the tax amnesty program. The return and associated 16 17 guidelines prepared by the assessor that govern participation in the tax amnesty program 18 are exempt from the Maine Administrative Procedure Act. A filed return requires the 19 approval of the assessor. The assessor may deny any return not consistent with the tax 20 amnesty program. 21 §6626. Preamnesty settlements 22 Notwithstanding any provision of this chapter to the contrary, the assessor shall, during 23 the period beginning on the effective date of this chapter to September 30, 2025, make a 24 settlement offer that requires full payment of tax and 1/2 of the accrued interest to any taxpayer that has a recorded and recognized delinquent state tax liability as of the effective 25 26 date of this chapter. The assessor may, through a settlement offer made pursuant to this 27 section, abate the amount of any penalties owed by the taxpayer associated with the tax 28 liability addressed in the settlement offer. 29 A taxpayer is not eligible for a settlement offer authorized under this section if the 30 taxpayer's liability is the result of a criminal conviction or the taxpayer is currently charged 31 with a criminal offense arising from a violation of the state tax laws as provided in this 32 Title or Title 17-A or has been referred to the Attorney General for criminal prosecution. 33 Sec. 2. Preamnesty collections; legislative intent. The Legislature finds that it is in the best interest of the State and public welfare of the people of the State to ensure that 34 35 there is no delay in the payment of delinquent state tax liabilities as a result of the 2025 Maine Tax Amnesty Program established in the Maine Revised Statutes, Title 36, chapter 36 37 914-E. The Legislature further finds it foreseeable that many taxpayers may choose to defer payment of delinquent tax liabilities in order to take advantage of lower interest and 38 39 penalty amounts available under the 2025 Maine Tax Amnesty Program. Therefore, to

A. The taxpayer properly completes and files a 2025 amnesty tax return as described

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41 Maine Tax Amnesty Program, the Legislature encourages the State Tax Assessor to use the 42 full extent of the State Tax Assessor's authority under Title 36, including the abatement of

ensure the timely collection of state tax revenue prior to the effective date of the 2025

interest and penalty amounts consistent with the provisions of the 2025 Maine Tax
 Amnesty Program.

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SUMMARY

4 This bill enacts the 2025 Maine Tax Amnesty Program for the purposes of encouraging 5 delinquent taxpayers to comply with the law, collecting unreported taxes and accelerating the collection of certain delinquent state tax liabilities. Under the program, a person with 6 7 a tax delinquency as of September 30, 2025 who is approved for participation in the program by the State Tax Assessor after filing a 2025 amnesty tax return may pay the taxes 8 9 owed plus 1/2 the accrued interest and is immune from criminal or civil prosecution or civil 10 penalties associated with the delinquency. The period during which a delinquency may be paid under the program is from October 1, 2025 to December 31, 2025. A taxpayer is not 11 12 eligible for the program if the taxpayer is currently being prosecuted for violation of state tax laws or the debt for which the taxpayer is seeking relief is the result of a criminal 13 14 conviction or the State has secured a warrant or civil judgment in its favor with respect to 15 that debt.

16 In order to discourage taxpayers from delaying until the start of the amnesty period to pay their delinquent taxes, beginning on the effective date of this legislation until 17 September 30, 2025, the State Tax Assessor is required to offer a delinquent taxpayer a 18 19 preamnesty settlement that requires the taxpayer to make the full payment of the outstanding tax and 1/2 of the interest accrued. The State Tax Assessor is authorized to 20 abate the amount of any penalties owed by the taxpayer associated with the tax liability 21 22 through a preamnesty settlement. A taxpayer is not eligible for a settlement offer if the 23 taxpayer's liability is the result of a criminal conviction or the taxpayer is currently charged 24 with a criminal offense arising from a violation of the state tax laws as provided in the 25 Maine Revised Statutes, Title 17-A or Title 36 or has been referred to the Attorney General 26 for criminal prosecution.