

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
128<sup>TH</sup> LEGISLATURE  
FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed

**JOINT STANDING COMMITTEE ON TAXATION**

October 2018

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# STATE OF MAINE

128<sup>TH</sup> LEGISLATURE

FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS



## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contain summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Special, Second Regular and Second Special Sessions of the 128<sup>th</sup> Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. An appendix provides a summary of relevant session statistics.

Final action on each LD is noted to the right of the LD title. The following describes the various final actions.

*CARRIED OVER*..... carried over to a subsequent session of the Legislature  
*CON RES XXX*..... chapter # of constitutional resolution passed by both houses  
*CONF CMTE UNABLE TO AGREE*..... Committee of Conference unable to agree; legislation died  
*DIED BETWEEN HOUSES*..... House & Senate disagreed; legislation died  
*DIED IN CONCURRENCE*..... defeated in each house, but on different motions; legislation died  
*DIED ON ADJOURNMENT*..... action incomplete when session ended; legislation died  
*EMERGENCY*..... enacted law takes effect sooner than 90 days after session adjournment  
*FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE*..... emergency failed to receive required 2/3 vote  
*FAILED, ENACTMENT or FINAL PASSAGE*..... failed to receive final majority vote  
*FAILED, MANDATE ENACTMENT*..... legislation proposing local mandate failed required 2/3 vote  
*HELD BY GOVERNOR*..... Governor has not signed; final disposition to be determined at subsequent session  
*LEAVE TO WITHDRAW*..... sponsor's request to withdraw legislation granted  
*NOT PROPERLY BEFORE THE BODY*..... ruled out of order by the presiding officer; legislation died  
*INDEF PP*..... indefinitely postponed; legislation died  
*ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X*... ought-not-to-pass report accepted; legislation died  
*P&S XXX*..... chapter # of enacted private & special law  
*PUBLIC XXX*..... chapter # of enacted public law  
*RESOLVE XXX*..... chapter # of finally passed resolve  
*VETO SUSTAINED*..... Legislature failed to override Governor's veto

The effective dates for non-emergency legislation enacted in the First Special, Second Regular or Second Special Sessions of the 128<sup>th</sup> Legislature are: Monday, February 5, 2018; Wednesday, August 1, 2018; and Thursday, December 13, 2018, respectively. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

*Joint Standing Committee on Taxation*

**LD 1461 An Act To Encourage the Construction of Affordable Housing**

**Died Between Houses**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VOLK A	OTP-AM OTP-AM ONTP	

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill creates a credit against income tax and insurance premium tax for owners of low-income housing developments that qualify for tax credits under federal law and are financed with tax-exempt bonds, located in the State and determined by the Maine State Housing Authority to be eligible for a federal tax credit whether or not a federal tax credit is allocated to the development. The aggregate amount of credits that may be authorized by the Maine State Housing Authority is \$42,000,000.

A taxpayer who receives the credit must agree to enter a restrictive covenant to maintain and operate the development as low-income housing and follow various federal requirements for 15 years. The tax credit is for six years and has a recapture provision if the basis of the development goes below a certain amount. An insurance company is allowed to apply the credit against the company's insurance premium tax. The Maine State Housing Authority is required to report annually various details of the qualified developments that received a credit for the prior tax year.

**Committee Amendment "A" (S-470)**

This amendment is the majority report and replaces the bill. The amendment moves the allocation of the bill's low-income housing development tax credit to the chapter of the Maine Revised Statutes, Title 36 that contains income tax credits. The amendment makes changes to the bill's provisions in order to clarify and improve the administration of the credit. This amendment adds an appropriations and allocations section.

**Committee Amendment "B" (S-471)**

This amendment is one of two minority reports of the committee and replaces the bill. The amendment provides funds for affordable housing development by increasing annually the distribution of revenue from the real estate transfer tax to the Housing Opportunities for Maine Fund by \$4,000,000 in each fiscal year from fiscal year 2019-20 to fiscal year 2024-25 in order to increase the availability of affordable housing.

**LD 1479 An Act To Modernize and Improve Maine's Property Tax System**

**PUBLIC 367**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY S SAVIELLO T	OTP-AM ONTP	H-624

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill amends Maine's property tax laws by:

1. Requiring centralized assessment by the Department of Administrative and Financial Services, Maine Revenue Services of complex manufacturing facilities valued at more than \$10,000,000;

## *Joint Standing Committee on Taxation*

2. Allowing appeals of decisions of an assessor or municipal officers involving nonresidential property with a value of more than \$1,000,000 directly to the Superior Court and decisions of the State Board of Property Tax Review directly to the Law Court;
3. Limiting to 30 the number of interrogatories or document requests that an assessor may require a taxpayer with property liable to taxation or seeking an exemption under the business equipment tax exemption program to answer in writing; and
4. Changing the membership specifications of the State Board of Property Tax Review to remove the requirement that a member be an engineer and instead requires members who are representatives of business and industry who are experienced in taxation, finance or valuation matters.

### **Committee Amendment "A" (H-624)**

This amendment is the majority report and replaces the bill. The amendment makes the following changes to the process for the appeal of tax assessments to the State Board of Property Tax Review.

The amendment clarifies a tax assessor's authority to request a true and perfect list of property and to request additional information from taxpayers. It revises existing confidentiality restrictions to clarify that assessors may share confidential information with other municipal officials, attorneys, consultants and other persons involved in an appeal or approved by the taxpayer. It provides that the position of one public member of the board must be filled by a person with expertise in taxation, finance or property valuation matters and permits current assessors, as well as retired assessors, to be members of the board. If a taxpayer files an appeal with the board, the board may not schedule a hearing until after mediation between the taxpayer and the assessor has been completed, unless the parties have been excused by the board.

The amendment establishes the Task Force To Restructure and Improve the Efficiency of the State Board of Property Tax Review. Its duties are to study, assess and evaluate the process of and duties assigned to the State Board of Property Tax Review and to make recommendations for restructuring the board to improve the efficiency of the appeal process. The task force must submit a report with its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters, which may report out legislation to the First Regular Session of the 129th Legislature.

The amendment also adds a mandate preamble.

### **Enacted Law Summary**

Public Law 2017, chapter 367 makes the following changes to the process for the appeal of tax assessments to the State Board of Property Tax Review.

1. It clarifies a tax assessor's authority to request a true and perfect list of property and to request additional information from taxpayers.
2. It revises existing confidentiality restrictions to clarify that assessors may share confidential information with other municipal officials, attorneys, consultants and other persons involved in an appeal or approved by the taxpayer.
3. It provides that the position of one public member of the board must be filled by a person with expertise in taxation, finance or property valuation matters and permits appraisers and current assessors, as well as retired assessors, to be members of the board.
4. It provides that if a taxpayer files an appeal with the board, the board may not schedule a hearing until after mediation between the taxpayer and the assessor has been completed, unless the parties have been excused by the board.

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5. It establishes the Task Force To Restructure and Improve the Efficiency of the State Board of Property Tax Review to study, assess and evaluate the process of and duties assigned to the State Board of Property Tax Review and to make recommendations for restructuring the board to improve the efficiency of the appeal process. The task force must submit a report with its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters, which may report out legislation to the First Regular Session of the 129th Legislature.

**LD 1537    An Act To Replace the Educational Opportunity Tax Credit with the Student Loan Repayment Credit for Maine Residents**

**Died On Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POULIOT M DOW D	OTP-AM	H-710 H-721    TIPPING R S-478    VOLK A

This bill was carried over from the First Regular Session of the 128th Legislature to the Second Regular Session. The bill was reported out of committee in the Second Regular Session and again carried over, on the Special Appropriations Table, to the next special session by joint order S.P. 748.

This bill, which is submitted by the Department of Administrative and Financial Services, makes the current income tax credit for educational opportunity inapplicable to tax years beginning on or after January 1, 2017 and creates a new simplified tax credit for student loan repayment applicable to tax years beginning on or after January 1, 2017.

1. The credit, available to qualified individuals, is equal to the amount of eligible education loan payments made during the tax year, up to the greatest of \$1,000 for individuals having obtained an associate degree, \$2,000 for individuals having obtained a bachelor's degree and \$3,000 for individuals having obtained a graduate degree.
2. A qualified individual must be a full-year Maine resident who has obtained an associate, bachelor's or graduate degree from an accredited Maine or non-Maine community college, college or university after 2007 and who works at least part time in Maine or on a vessel at sea or is deployed for military service in the United States Armed Forces during the taxable year.
3. Loans obtained from related persons, such as family members and certain businesses, trusts and exempt organizations, do not qualify for the credit.
4. The credit may not reduce the tax due to less than zero. The credit for employers of qualified employees is equal to the amount of eligible education loan amounts paid during the taxable year, except that the credit attributable to part-time employees is limited to 50% of the credit otherwise determined.

**Committee Amendment "A" (H-710)**

This amendment makes the following changes to the bill.

1. It changes the implementation of the new credit for student loan repayment to tax years beginning on or after January 1, 2019.
2. It changes the calculation of the credit for qualified individuals to the lesser of the amount paid on eligible