

# 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*

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

## *Joint Standing Committee on Taxation*

education loans during the taxable year and 15% of the outstanding eligible education loan debt on the date the first education loan payment is made after a degree is earned.

3. It changes the calculation of the credit for employers to the lesser of the amount paid by an employer on behalf of a qualified employee during the taxable year during the term of employment and 20% of the outstanding eligible education loan debt on the date the first education loan payment is made after December 31, 2018.

4. It provides that the credit is available to the spouse of an individual eligible for a credit even if the spouse is not employed.

5. It provides income tax deductions for student loan payments made directly to a lender by an employer on behalf of a qualified employee and 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.

### **House Amendment "A" (H-721)**

This amendment corrects the definition of "educational opportunity tax credit" to reflect the new credit for student loan repayment.

### **Senate Amendment "A" To Committee Amendment "A" (S-478)**

This amendment provides that the annual credit may include loan amounts paid in excess of the amount due during a taxable year. The amendment also provides that credits in excess of those that may be used during a taxable year may be carried over for the next succeeding five years. This amendment also makes technical corrections.

### **LD 1565      An Act To Ensure the Effectiveness of Tax Increment Financing      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WARD K VOLK A	ONTP	

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

This bill was submitted by the Department of Economic and Community Development. It provides that beginning with tax increment financing development programs approved by DECD on or after April 1, 2018, at least 80% of the area within the district must be designated for development by an entity engaged in a qualified business activity that is directly related to financial services, manufacturing or targeted technologies.

### **LD 1597      An Act To Exempt from Sales Tax the Fee Associated with the Paint Stewardship Program      PUBLIC 438**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BREEN C TUCKER R	OTP-AM ONTP	S-183 S-514    HAMPER J

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

This bill exempts from the sales and use tax the fee imposed to fund the paint stewardship program, regardless of