

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
128<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION



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

**JOINT STANDING COMMITTEE ON TAXATION**

August 2017

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\*Committee member for a portion of the session

# STATE OF MAINE

128<sup>TH</sup> LEGISLATURE  
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## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contains summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session 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 date for non-emergency legislation enacted in the First Regular Session of the 128<sup>th</sup> Legislature is Wednesday, November 1, 2017. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

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8. It repeals a requirement that the State Tax Assessor submit an annual report to the Legislature containing information that includes a list of persons receiving reimbursement for property taxes both under the business equipment tax reimbursement program and under a tax increment financing agreement.

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

**CARRIED OVER**

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

This bill is submitted by the Department of Economic and Community Development. This bill 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.

This bill was carried over to any special or regular session of the 128th Legislature by joint order, H.P. 1138.

### **LD 1570     An Act To Make Technical Changes to Maine's Tax Laws**

**PUBLIC 170**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HILLIARD G	OTP-AM	H-384

This bill makes technical changes to correct and update cross-references, correct clerical errors, resolve statutory numbering conflicts, improve syntax and repeal unnecessary and expired language. In addition, this bill does the following.

1. It requires a person filing a statement of appeal with the Board of Tax Appeals or a petition for review with the Superior Court to serve the statement or petition by certified mail, return receipt requested, upon the Attorney General and the Department of Administrative and Financial Services, Bureau of Revenue Services.
2. It restricts the disclosure and use of confidential information provided by the bureau to persons, agencies and organizations for the purposes specified in the exemptions to Maine's confidentiality statute.
3. It removes the requirement that the bureau publish a list of certified assessors that the bureau maintains. Instead, the bureau is required to provide the list to municipalities upon request.
4. It changes the due date for the annual distribution to municipalities for revenue lost under the Maine Tree Growth Tax Law from August 1st to October 15th.
5. It clarifies that certain property of institutions and organizations that is exempt from property taxes under the Maine Revised Statutes, Title 36, section 652 is not exempt under the business equipment tax exemption program.
6. It clarifies that the report due under the business equipment tax exemption program is due on April 1st, which, under current law, is automatically extended to May 1st if the report is not received by April 1st. It also requires a request for further extension to be submitted to the assessor of the taxing jurisdiction before the commitment of taxes.
7. It makes minor changes to the language requiring the municipal tax collector to certify the delinquency between July 1st and July 15th in the same year the taxpayer applies for the reimbursement.

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8. It clarifies the definition of "prescription" for purposes of the exemption from the sales and use tax for prosthetic or orthotic devices.
9. It describes more accurately the evidence of overpayment of sales tax that must be presented by a purchaser or retailer when requesting a refund of an overpayment of sales tax. This clarification is consistent with long-standing administrative practice.
10. It reallocates the statutory provisions governing the phase-out of Maine standard and itemized deductions to those sections of law governing the calculation of Maine standard and itemized deductions.
11. It updates references in the statutory provision governing the subtraction modification that allows an individual who is an owner of an electing S corporation to recapture the bonus depreciation add-backs made by the business in prior years when it was treated as a C corporation for federal and Maine income tax purposes. This change reflects long-standing statutory and administrative practice.
12. It repeals the penalty for falsifying itemized deductions and wages with respect to withholding allowances. This penalty is not currently used, as taxpayers are also subject to penalties for failure to pay taxes timely and for excessive refunds, negligence and fraud.
13. It clarifies that the military retirement plan income tax subtractions apply to benefits received from service in the United States military.

### **Committee Amendment "A" (H-384)**

This amendment makes the following changes.

1. It removes from the bill a provision requiring a person filing a statement of appeal with the Board of Tax Appeals or a petition for review with the Superior Court to serve the statement or petition by certified mail, return receipt requested, upon the Attorney General and the Department of Administrative and Financial Services, Bureau of Revenue Services.
2. It removes from the bill language restricting the disclosure to and use of confidential information by persons for whom disclosure is permitted.
3. It removes the repeal of a section relating to prepaid wireless fees and reverses provisions in the bill intended to clarify certain sales and use tax refund procedures.

### **Enacted Law Summary**

Public Law 2017, chapter 170 makes technical changes to correct and update cross-references, correct clerical errors, resolve statutory numbering conflicts, improve syntax and repeal unnecessary and expired language. In addition, this bill does the following.

1. It removes the requirement that the bureau publish a list of certified assessors that the bureau maintains. Instead, the bureau is required to provide the list to municipalities upon request.
2. It changes the due date for the annual distribution to municipalities for revenue lost under the Maine Tree Growth Tax Law from August 1st to October 15th.
3. It clarifies that certain property of institutions and organizations that is exempt from property taxes under the Maine Revised Statutes, Title 36, section 652 is not exempt under the business equipment tax exemption program.
4. It clarifies that the report due under the business equipment tax exemption program is due on April 1st, which,

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under current law, is automatically extended to May 1st if the report is not received by April 1st. It also requires a request for further extension to be submitted to the assessor of the taxing jurisdiction before the commitment of taxes.

5. It makes minor changes to the language requiring the municipal tax collector to certify the delinquency between July 1st and July 15th in the same year the taxpayer applies for the reimbursement.
6. It clarifies the definition of "prescription" for purposes of the exemption from the sales and use tax for prosthetic or orthotic devices.
7. It reallocates the statutory provisions governing the phase-out of Maine standard and itemized deductions to those sections of law governing the calculation of Maine standard and itemized deductions.
8. It updates references in the statutory provision governing the subtraction modification that allows an individual who is an owner of an electing S corporation to recapture the bonus depreciation add-backs made by the business in prior years when it was treated as a C corporation for federal and Maine income tax purposes. This change reflects long-standing statutory and administrative practice.
9. It repeals the penalty for falsifying itemized deductions and wages with respect to withholding allowances. This penalty is not currently used, as taxpayers are also subject to penalties for failure to pay taxes timely and for excessive refunds, negligence and fraud.
10. It clarifies that the military retirement plan income tax subtractions apply to benefits received from service in the United States military.

**LD 1572     An Act To Implement Recommendations of the Government Oversight  
Committee To Improve the Efficiency and Effectiveness of Legislative  
Reviews of Tax Expenditures**

**PUBLIC 266**

Sponsor(s)

Committee Report

Amendments Adopted

OTP

This bill is submitted by the Government Oversight Committee pursuant to the Maine Revised Statutes, Title 3, section 1001, subsection 2. The purpose of this bill is to make changes to the law to improve the efficiency and effectiveness of tax expenditure evaluations conducted by the Office of Program Evaluation and Government Accountability for the Legislature. The bill removes statutory deadlines to provide more flexibility in scheduling, completion and reporting on full evaluations to allow for a better fit with legislative schedules and to ensure the office can complete a comprehensive and quality review of each program, within the office's available resources.

### **Enacted Law Summary**

Public Law 2017, chapter 266 makes changes to the tax expenditure review laws to improve the efficiency and effectiveness of tax expenditure evaluations conducted for the Legislature by the Office of Program Evaluation and Government Accountability. The bill removes statutory deadlines to provide more flexibility in scheduling, completion and reporting on full evaluations to allow for a better fit with legislative schedules and to ensure the office can complete a comprehensive and quality review of each program, within the office's available resources.