

MAINE STATE LEGISLATURE

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STATE OF MAINE
128TH LEGISLATURE
FIRST REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

August 2017

STAFF:

JULIE JONES, SENIOR LEGISLATIVE ANALYST

OFFICE OF FISCAL AND PROGRAM REVIEW
5 STATE HOUSE STATION
AUGUSTA, ME 04333
(207) 287-1635
<http://legislature.maine.gov/ofpr>

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*Committee member for a portion of the session

STATE OF MAINE

128TH 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 128th 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 128th 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.

Joint Standing Committee on Taxation

LD 1618 An Act To Support Maine's Working Families through Universal Child Care

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SYLVESTER M	ONTP	

This bill establishes the Universal Child Care Program to ensure universal access to child care, without regard to income, beginning July 1, 2019. In the first year children age one and under are covered; in the second year, children age two and under; and in the third and subsequent years children age three and under are eligible.

The bill establishes the Universal Child Care Trust Fund, which is managed by a board composed of 13 members who represent child care providers and consumers of child care services. After initial appointments members of the board are elected for three-year terms from among their constituent groups. The board selects a director and staff that are responsible for administration of the program. The board receives advice from an advisory committee composed of the Commissioner of Health and Human Services, the Commissioner of Education and the Commissioner of Labor as well as the Treasurer of State, the President of the Senate and the Speaker of the House of Representatives.

Base funding for universal child care is provided from child care subsidies from the Temporary Assistance for Needy Families program and the federal Child Care and Development Fund block grant and other funds designated by the board.

Maine Revenue Services is directed to develop and submit to the Joint Standing Committee on Health and Human Services draft legislation to establish universal child care taxes. The taxes are to be structured to include three elements:

1. A tax on wages that is substantially equivalent to the federal Social Security Act's Old-Age, Survivors, and Disability Insurance program tax, but that applies only to earnings above the annual contribution and benefit base of the federal tax which is \$127,200 in 2017;
2. A self-employment tax applicable to taxpayers who are subject to the federal Self-Employment Contributions Act tax that is equivalent to that tax and applies to net earnings above the annual limit subject to taxation under that federal tax; and
3. A tax equal to the wage and self-employment taxes that is imposed on unearned annual income and that applies in a manner similar to the federal Net Investment Income Tax.

The bill directs the Joint Standing Committee on Health and Human Services to report out a bill to the Second Regular Session of the 128th Legislature to establish universal child care taxes to fully fund the Universal Child Care Program. See also LD 1612, summarized under the Joint Standing Committee on Health and Human Services which contains the same tax-related provisions.

LD 1629 An Act To Protect the Elderly from Tax Lien Foreclosures

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ESPLING E		

Joint Standing Committee on Taxation

This bill, which is a Governor's bill, creates a preforeclosure process that municipalities must follow in order to successfully foreclose a tax lien on property of a homeowner 65 years of age or older. The preforeclosure process includes active municipal assistance with an abatement application and mediation if necessary to create a reasonable tax payment plan. This bill also creates additional provisions concerning the sale of foreclosed property for all homeowners including allowing a homeowner to pay the tax lien with interest and costs before a tax sale; allowing a homeowner to remain in the home until the sale is completed; requiring the use of a real estate broker when the property is sold; and requiring the return to the homeowner of any net proceeds from the sale after adjustment for taxes owed, interest, fees and other allowable costs.

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

**LD 1639 An Act To Promote Major Business Headquarters Expansions in Maine,
Promote the Commercialization of Research and Development in Maine
and Create Jobs**

PUBLIC 297

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T FREDETTE K	OTP-AM	S-294

This bill, which is a Governor's bill, creates a refundable Maine income tax credit for the construction or expansion of major business headquarters in the State if certain investment and employment levels are met. The refundable so-called "headquarters credit" is equal to 2% of the qualified investment per year for 20 years, subject to certain limitations.

In order to be eligible for the credit a business must employ at least 5000 full time employees and at least 25% of the employees must be based in Maine, the business must have locations in at least three other states or countries and it must intend to make an investment of at least \$35,000,000 within five years of the date of application for the credit.

The Commissioner of the Department of Economic and Community Development administers application, certification and eligibility for the credit. The commissioner may not approve more than \$100,000,000 aggregate qualified investment. A certificate of approval may be transferred subject to certain conditions. A certificate of approval must be revoked if the certified applicant or transferee fails to make a qualified investment within 5 years, if the applicant ceases operation of a headquarters in Maine or the certificate is transferred without the commissioner's approval.

The bill also allows a taxpayer receiving the headquarters credit to elect to have any unused credit carry-forward for the research expense tax credit, super credit for substantial expansions of research and development, jobs and investment tax credit and Maine capital investment credit be made refundable for any tax year to the extent of the headquarters credit.

Committee Amendment "A" (S-294)

This amendment makes the following changes to the bill.

1. It removes provisions authorizing a taxpayer receiving the headquarters credit to have any unused credit carry-forward for the research expense tax credit, super credit for substantial expansions of research and development, jobs and investment tax credit and Maine capital investment credit be made refundable for any tax year to the extent of the headquarters credit.
2. It removes from consideration as qualified investments expenditures for employee training and education and payment of student loan debt.