

# 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  
FIRST REGULAR SESSION



## 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.

## *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.

## *Joint Standing Committee on Taxation*

3. It provides that no credit may be claimed in any year in which employment targets are not met. During the first 10 tax years for which the credit is claimed, the employment target is a rolling average of 80 new full-time Maine jobs added per year. In the first year of the credit, the 80 new jobs may include employees added since the first day of the tax year to account for the fact that the certificate of completion may be granted late in the tax year. In years 11 through 20 of the credit, the employment target requires that the 800 jobs created in years one through 10 be sustained. The amendment also provides that new jobs may not be counted to establish eligibility under more than one certificate of completion.
4. It provides that if the certificate of completion is transferred the transferee must meet the same eligibility requirements and conditions as applied to the original certified applicant.
5. It provides that reports by the taxpayer and the State Tax Assessor are public records and provides that the State Tax Assessor must disclose information regarding credits received to the joint standing committee of the Legislature having jurisdiction over taxation matters.
6. It requires the Office of Program Evaluation and Government Accountability to complete a design evaluation review of the credit, identifying the extent to which the design of the credit supports the accomplishment of the credit's purposes, intent and goals, the extent to which benefits are directed to the intended beneficiaries and the extent to which the administration of the credit is efficient and effective. The office is directed to include with its evaluation recommended performance measures for the credit and an identification of the data needed for effective evaluation.
7. It provides that the purpose of the credit is to create high-quality jobs in the State by encouraging the location or expansion of the headquarters of major businesses in the State.
8. It makes technical corrections.

### **Enacted Law Summary**

Public Law 2017, chapter 297 creates a refundable 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, and is subject to the following conditions.

1. The 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.
2. 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 if the transferee meets the same eligibility requirements and conditions as applied to the original certified applicant. A certificate of approval must be revoked if the certified applicant or transferee fails to make a qualified investment within five years, if the applicant ceases operation of a headquarters in Maine or the certificate is transferred without the commissioner's approval.
3. A credit may not be claimed in any year in which employment targets are not met. During the first 10 tax years for which the credit is claimed, the employment target is a rolling average of 80 new full-time Maine jobs added per year. In the first year of the credit, the 80 new jobs may include employees added since the first day of the tax year to account for the fact that the certificate of completion may be granted late in the tax year. In years 11 through 20 of the credit, the employment target requires that the 800 jobs created in years one through 10 be sustained. The amendment also provides that new jobs may not be counted to establish eligibility under more than one certificate of completion.

*Joint Standing Committee on Taxation*

4. Reports by the taxpayer and the State Tax Assessor are public records, and the State Tax Assessor must disclose information regarding credits received to the joint standing committee of the Legislature having jurisdiction over taxation matters.

5. The Office of Program Evaluation and Government Accountability is required to complete a design evaluation review of the credit, identifying the extent to which the design of the credit supports the accomplishment of the credit's purposes, intent and goals, the extent to which benefits are directed to the intended beneficiaries and the extent to which the administration of the credit is efficient and effective. The office is directed to include with its evaluation recommended performance measures for the credit and an identification of the data needed for effective evaluation.

6. The law provides that the purpose of the credit is to create high-quality jobs in the State by encouraging the location or expansion of the headquarters of major businesses in the State.

**LD 1645      An Act To Reduce the Rate of Tax Imposed on the Rental of Living Quarters      INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WINSOR T		

This bill was not referred to committee.

This bill provides that the tax imposed on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp is reduced by 1.5 percentage points on November 1, 2017.