STATE OF MAINE

132ND LEGISLATURE

FIRST REGULAR AND FIRST SPECIAL SESSIONS

Disposition of bills and summaries of all laws enacted or finally passed

JOINT STANDING COMMITTEE ON TAXATION

August 2025

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STAFF:
GEOFFREY LEWIS, SENIOR LEGISLATIVE ANALYST
OFFICE OF FISCAL AND PROGRAM REVIEW
5 STATE HOUSE STATION
AUGUSTA, ME 04333
(207) 287-1635
http://legislature.maine.gov/ofpr

LD 185 An Act to Expand Opportunities to Invest Municipal Tax Increment Financing Revenues

ENACTED LAW SUMMARY

Public Law 2025, chapter 310 changes the limit on the captured assessed value of a development district that may be applied toward the construction, renovation and operation of public safety facilities, including facilities used as emergency shelters, in a municipality or plantation to 25%.

LD 221 An Act to Address the Effect of Changes to Federal Income Tax Laws on Maine Income Tax Laws

ENACTED LAW SUMMARY

Public Law 2025, chapter 336 changes the process for responding to federal income tax law changes when the Legislature has not had an opportunity to adjust state law before the start of tax return processing as follows.

1. It requires the Commissioner of Administrative and Financial Services, prior to approving any generally applicable extension of time for payment or filing that would have a material budgetary impact on the State, to report in writing to the Governor the nature of the extension and its budgetary impact and send a copy of the report to the President of the Senate, the Speaker of the House of Representatives, the majority and minority leaders of the Senate and House of Representatives, the chair of the joint standing committee of the Legislature having jurisdiction over taxation matters and the chair of the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs matters.

2. It requires the Commissioner to submit a report in writing to the Governor describing the federal income tax law changes and their potential effect on Maine income tax laws and the state budget, if the Legislature has not had the opportunity, before the bureau begins processing returns for the most recently completed tax year, to conform or adjust Maine laws in response to federal income tax law changes affecting the tax year. It also requires the commissioner to send a copy of the report to the President of the Senate, the Speaker of the House of Representatives, the majority and minority leaders of the Senate and House of Representatives, the chair of the joint standing committee of the Legislature having jurisdiction over taxation matters and the chair of the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs matters.

3. It allows the Governor to direct the State Tax Assessor to temporarily adjust Maine income tax filing requirements and administration based on federal changes, contingent on future legislative action. Immediately upon making such a determination, the Governor shall notify the President of the Senate, the Speaker of the House of Representatives, the majority and minority leaders of the Senate and House of Representatives, the members of the joint standing committee of the Legislature having jurisdiction over taxation matters and the chairs of the joint standing committee of the Legislature having jurisdiction over appropriations and

financial affairs matters of the specific direction provided to the assessor and the effect of that determination on Maine income tax laws and the state budget. Upon receipt of notice, the joint standing committee of the Legislature having jurisdiction over taxation matters may convene, with public notice, hold hearings, and report bills related to the Governor's action either during the current legislative session or the next regular or special session.

LD 288 An Act to Make Technical Changes to Maine's Tax Laws

ENACTED LAW SUMMARY

Public Law 2025, chapter 113 makes the following technical changes to Maine's property tax laws.

1. It changes the certification requirements for full-time, professional property assessors to require that they must be certified by Maine Revenue Services as having the basic knowledge required to perform the assessing function instead of being certified as professionally trained assessors.

2. It removes the requirement that Maine Revenue Services send municipalities printed applications for the Maine Resident Homestead Property Tax Exemption.

3. It clarifies the definition of "homestead" in the laws governing homestead property tax deferrals for senior citizens and persons with disabilities by correcting the calculation of the value of the common areas and tax lot included in a homestead in a multi-unit building.

4. It corrects a conflict in the payment due date for the homestead property tax deferral program for senior citizens and persons with disabilities by changing the due date from April 30th of the calendar year following the year in which the property exited the program to within 12 months after the property exited the program to conform to changes made to the Maine Revised Statutes, Title 36, section 6260, subsection 2 by Public Law 2023, chapter 441, Part B, section 5.

Public Law 2025, chapter 113 makes the following technical changes to Maine's sales tax laws.

1. It clarifies that the retail sale exclusion for the sale or lease or rental of tangible personal property for further lease or rental does not include the further casual sale or rental of the tangible personal property.

2. It clarifies the timing of the testing period for the sales tax exemption for leases for certain instrumentalities of interstate or foreign commerce.

Public Law 2025, chapter 113 makes the following technical changes to Maine's income tax laws.

1. It clarifies that the income-based phase-out of the dependent exemption tax credit for nonresident and part-year resident taxpayers applies before the proration of the credit for those taxpayers.