

	Minority
ROF	
1	L.D. 2011
2	Date: 3/16/20 (Filing No. H- 768)
3	TAXATION
4	Reproduced and distributed under the direction of the Clerk of the House.
5	STATE OF MAINE
6	HOUSE OF REPRESENTATIVES
7	129TH LEGISLATURE
8	SECOND REGULAR SESSION
9 10	COMMITTEE AMENDMENT "B" to H.P. 1432, L.D. 2011, Bill, "An Act To Update Certain Provisions in the Income Tax and Service Provider Tax Laws"
11	Amend the bill by striking out all of Part A.
12 13	Amend the bill in Part B in section 1 in subsection 10 on the 2nd line (page 3, line 26 in L.D.) by striking out the following: "substantial"
14 15	Amend the bill in Part B in section 2 in §5200-B in subsection 1 on the first line (page 3, line 33 in L.D.) by striking out the following: "substantial"
16 17	Amend the bill in Part B in section 2 in §5200-B in subsection 3 on the 2nd line (page 4, line 14 in L.D.) by striking out the following: "substantial"
18 19	Amend the bill in Part B in section 2 in §5200-B by inserting at the end the following:
20 21 22 23 24	'4. Federal protection. A state that is without jurisdiction to impose a tax on the net income of a taxpayer because that taxpayer comes under the protection of 15 United States Code, Sections 381 to 384, does not gain jurisdiction to impose such a tax because the taxpayer's property, payroll or sales in the State exceed a threshold established in subsection 1.'
25	Amend the bill by inserting after Part D the following:
26	'PART E
27	Sec. E-1. 36 MRSA §1760, sub-§104 is enacted to read:
28	104. Section 501(c)(3) nonprofit organizations. Sales to a nonprofit organization
29	that has been determined by the United States Internal Revenue Service to be exempt
30 31	from federal income taxation under Section $501(c)(3)$ of the Code, if the tangible personal property or taxable services sold are to be used primarily for the purposes for which the
31	nonprofit organization was organized.
33	Sec. E-2. 36 MRSA §2557, sub-§40 is enacted to read:

(_____

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COMMITTEE AMENDMENT

ROFS COMMITTEE AMENDMENT "5" to H.P. 1432, L.D. 2011

40. Section 501(c)(3) nonprofit organizations. Sales to a nonprofit organization that has been determined by the United States Internal Revenue Service to be exempt from federal income taxation under Section 501(c)(3) of the Code, if the services sold are to be used primarily for the purposes for which the nonprofit organization was organized.

Sec. E-3. Study; additional legislation. The Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy shall study the entity-based exemptions provided to qualifying nonprofit organizations from sales tax pursuant to the Maine Revised Statutes, Title 36, section 1760 and from service provider tax pursuant to Title 36, section 2557. The department shall submit legislation repealing or otherwise modifying any of those exemptions that are found to be duplicative or unnecessary to the joint standing committee of the Legislature having jurisdiction over taxation matters by December 2, 2020. The joint standing committee may report out a bill to the First Regular Session of the 130th Legislature regarding that report. Notwithstanding Title 36, section 191, the Office of Tax Policy may disclose the number of nonprofit organizations not exempt under Section 501(c)(3) of the federal Internal Revenue Code of 1986 that have active exemption certificates under each sales or service provider tax exemption.

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PART F

20 Sec. F-1. Appropriations and allocations. The following appropriations and allocations are made.

Sec. E-4. Effective date. This Part takes effect October 1, 2020.

22 ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

- 23 **Revenue Services, Bureau of 0002**
- 24 Initiative: Provides one-time funding for computer programming charges.

27	25	GENERAL FUND	2019-20	2020-21
28 GENERAL EUND TOTAL \$0 \$5.0	26	All Other	\$0	\$5,000
$28 \qquad \text{OLMERAL FORD IOTAL} \qquad \qquad$	27 28	GENERAL FUND TOTAL	\$0	\$5,000

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Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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SUMMARY

This amendment is the minority report of the committee. This amendment strikes provisions of the bill relating to the taxation of digital audio-visual and digital audio services. The amendment clarifies the corporate income tax nexus provisions of the bill by referring to "nexus" instead of "substantial nexus." The amendment also exempts from the sales and use tax and from the service provider tax sales to a nonprofit organization that has been determined by the United States Internal Revenue Service to be exempt from income taxation under Section 501(c)(3) of the federal Internal Revenue

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COMMITTEE AMENDMENT

ROFS COMMITTEE AMENDMENT "B" to H.P. 1432, L.D. 2011

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Code of 1986 if the property or services sold are to be used primarily for the purposes for which the nonprofit organization was organized. The amendment requires the Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy to review sales tax and service provider tax exemptions to identify provisions that should be repealed or amended because they are duplicative or otherwise unnecessary and to submit legislation repealing or modifying those exemptions. The amendment also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)

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COMMITTEE AMENDMENT

Approved: 03/12/20 Mac



129th MAINE LEGISLATURE

LD 2011

LR 2993(03)

An Act To Update Certain Provisions in the Income Tax and Service Provider Tax Laws

Fiscal Note for Bill as Amended by Committee Amendment (B(H-768)) Committee: Taxation Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings) General Fund	\$0	\$454,487	\$3,838,000	\$4,854,500
Appropriations/Allocations General Fund	\$0	\$5,000	\$0	\$0
Revenue General Fund Other Special Revenue Funds	\$0 \$0	(\$449,487) (\$17,513)	(\$3,838,000) (\$202,000)	(\$4,854,500) (\$255,500)

Fiscal Detail and Notes

The bill makes changes to the state tax laws and would result in a decrease in General Fund revenue of \$449,487 in fiscal year 2020-21 and a decrease in Other Special Revenue Funds revenue of \$17,513 in fiscal year 2020-21. The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services of \$5,000 in fiscal year 2020-21 for computer programming costs.