

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)



130th MAINE LEGISLATURE

FIRST SPECIAL SESSION-2021

Legislative Document

No. 1514

H.P. 1122

House of Representatives, April 15, 2021

**An Act To Provide for Fairness in Property Taxation by Assessing a
One-time Tax on Financial Assets**

Received by the Clerk of the House on April 13, 2021. Referred to the Committee on
Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative LOOKNER of Portland.
Cosponsored by Representatives: BERRY of Bowdoinham, GRAMLICH of Old Orchard
Beach, SYLVESTER of Portland.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA c. 727** is enacted to read:

3 **CHAPTER 727**

4 **FINANCIAL ASSET TAX**

5 **§4950. Definitions**

6 As used in this chapter, unless the context otherwise indicates, the following terms
7 have the following meanings.

8 **1. Cash and cash equivalent.** "Cash and cash equivalent" means cash, including
9 certificates of deposit, checking accounts, savings, accounts and money market accounts
10 and other assets that are readily convertible to cash, including marketable securities,
11 commercial paper and debt instruments within 6 months of maturity.

12 **2. Eligible taxpayer.** "Eligible taxpayer" means a person who owns financial assets
13 having a fair market value of \$5,000,000 or greater.

14 **3. Fair market value.** "Fair market value" means:

15 A. For cash and cash equivalents, the account balance of cash and cash equivalents as
16 of December 31, 2021; and

17 B. For a financial instrument or security not readily convertible to cash, the closing
18 value of the financial instrument or security on an established stock exchange on
19 December 31, 2021 or the value determined by the assessor in accordance with rules
20 adopted under this chapter.

21 **4. Financial asset.** "Financial asset" means cash and cash equivalents, financial
22 instruments including annuities, bonds, treasury bills, mutual funds, stocks, publicly traded
23 options, futures contracts, untraded equities, commodities contracts, certificates of interest
24 in gold and other precious metals or gems and other similar investments. "Financial asset"
25 does not include any property subject to taxation under Part 2.

26 **5. Security.** "Security" has the same meaning as in Title 11, section 8-1102,
27 subsection (1), paragraph (o).

28 **§4951. Amount of tax**

29 A tax is imposed upon each eligible taxpayer equal to 0.5% of the fair market value of
30 financial assets owned by the eligible taxpayer in excess of \$5,000,000 in the aggregate as
31 of December 31, 2021.

32 **§4952. Administration**

33 **1. Authority of State Tax Assessor.** The assessor shall collect all taxes and penalties
34 provided by this chapter and shall enforce the collection of taxes and penalties provided by
35 this chapter.

36 **2. Reporting.** On or before April 15, 2022, an eligible taxpayer shall file with the
37 assessor a statement of all financial assets owned by the eligible taxpayer as of December

1 31, 2021. The statement must be in the form and manner required by the assessor and it
2 must be accompanied by any other supporting documentation that the assessor may require.

3 **3. Amount of tax determined.** The assessor shall determine the amount of tax due
4 and payable upon the financial assets of an eligible taxpayer and shall certify to the eligible
5 taxpayer the amount of the tax due.

6 **4. Collection.** An eligible taxpayer shall pay the tax due to the assessor within a
7 reasonable time, as determined by the assessor, after the determination and certification of
8 the tax due and payable under subsection 3. Payment must be made in the form and manner
9 required by the assessor.

10 **5. Distribution of receipts.** The assessor shall transfer all receipts from the tax
11 imposed under this chapter as follows:

12 A. Fifty percent to the Local Government Fund established in Title 30-A, section 5681
13 with 20% of this amount transferred to the Disproportionate Tax Burden Fund in
14 accordance with Title 30-A, section 5681, subsection 5; and

15 B. Fifty percent to the Housing Opportunities for Maine Fund established by Title
16 30-A, section 4853, subsection 1.

17 **6. Rulemaking.** The assessor may adopt rules necessary for the administration and
18 enforcement of the tax imposed by this chapter. Rules adopted pursuant to this subsection
19 are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

20 **§4953. Enforcement and penalty**

21 If a person neglects or refuses to comply with the requirements of this chapter, the
22 assessor may obtain the necessary information by any methods the assessor considers
23 advisable and the necessary expense incurred in obtaining the information must be added
24 to the tax assessed under this chapter and paid to the assessor with the tax. A person who
25 willfully fails to truthfully account for, report or pay the tax imposed by this chapter or
26 willfully attempts in any manner to evade or defeat the tax or the payment thereof is, in
27 addition to other penalties provided by law, liable for a penalty equal to the total amount
28 of the tax evaded, not collected or not accounted for and paid. For purposes of this section,
29 "person" means an individual, corporation or partnership or an officer or employee of any
30 corporation, including a dissolved corporation, or a member or employee of any partnership
31 who, as an officer, employee or member, was, at the time of the violation, under a duty to
32 perform the act with respect to which the violation occurred.

33 **§4954. Limitation**

34 The tax imposed by this chapter applies only to the taxable year beginning on January
35 1, 2021.

36 **SUMMARY**

37 This bill establishes a one-time tax on any person owning financial assets, including
38 cash and cash equivalents, securities and other financial instruments, with a fair market
39 value in excess of \$5,000,000. The tax is equal to 0.5% of the amount by which the fair
40 market value of a person's financial assets exceeds \$5,000,000. The bill requires any person
41 with financial assets in excess of \$5,000,000 to file a statement with the State Tax Assessor
42 and authorizes the State Tax Assessor to determine the amount of tax due, enforce the

1 collection of the tax and adopt routine technical rules necessary to administer and enforce
2 the tax. The bill subjects any person who fails to pay the tax to certain penalties. The bill
3 directs the State Tax Assessor to transfer 50% of the receipts from the tax to the Local
4 Government Fund and 50% of the receipts from the tax to the Housing Opportunities for
5 Maine Fund.