

# MAINE STATE LEGISLATURE

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# 131st MAINE LEGISLATURE

## SECOND REGULAR SESSION-2024

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Legislative Document

No. 2028

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S.P. 856

In Senate, December 13, 2023

### An Act to Amend Certain State Tax Laws

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Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 11, 2023. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator GROHOSKI of Hancock.

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

2 **PART A**

3 **Sec. A-1. 36 MRSA §6252-A, sub-§6**, as enacted by PL 2023, c. 412, Pt. S, §9, is  
4 amended to read:

5 **6. Restriction.** A taxpayer who ~~owes delinquent taxes for~~ owns more than one  
6 residential property within the State subject to an existing municipal lien is not eligible to  
7 claim a deferral pursuant to this section.

8 **PART B**

9 **Sec. B-1. 5 MRSA §13090-K, sub-§2**, as amended by PL 2015, c. 267, Pt. OOOO,  
10 §1 and affected by §7, is repealed and the following enacted in its place:

11 **2. Source of fund.** On July 1st of each year, the State Controller shall transfer to the  
12 Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that  
13 is equivalent to 5% of the 8% tax and 5% of the 9% tax imposed on tangible personal  
14 property and taxable services pursuant to Title 36, section 1811 for the first 6 months of  
15 the immediately prior fiscal year after the reduction for the transfer to the Local  
16 Government Fund as described by Title 30-A, section 5681, subsection 5 and the transfers  
17 to the sales tax funds pursuant to Title 36, section 1815. On October 1st of each year, the  
18 State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as  
19 certified by the State Tax Assessor, that is equivalent to 5% of the 8% tax and 5% of the  
20 9% tax imposed on tangible personal property and taxable services pursuant to Title 36,  
21 section 1811 for the last 6 months of the immediately prior fiscal year after the reduction  
22 for the transfer to the Local Government Fund and the transfers to the sales tax funds  
23 pursuant to Title 36, section 1815. The tax amount must be based on actual sales for that  
24 fiscal year and may not consider any accruals that may be required by law. The amount  
25 transferred from General Fund sales and use tax revenues does not affect the calculation  
26 for the transfer to the Local Government Fund.

27 **Sec. B-2. 23 MRSA §4210-B, sub-§7-A**, as amended by PL 2023, c. 360, Pt. C,  
28 §1, is further amended to read:

29 **7-A. Sales tax revenue.** On July 1st of each year, the State Controller shall transfer  
30 to the Multimodal Transportation Fund an amount, as certified by the State Tax Assessor,  
31 that is equivalent to 100% of the revenue from the tax imposed on the value of rental of a  
32 truck or van with a gross weight of less than 26,000 pounds rented from a person primarily  
33 engaged in the business of renting automobiles and the value of rental for a period of less  
34 than one year of an automobile pursuant to Title 36, section 1811 for the first 6 months of  
35 the immediately prior fiscal year after the reduction for the transfer to the Local  
36 Government Fund as described by Title 30-A, section 5681, subsection 5, the transfers to  
37 the sales tax funds pursuant to Title 36, section 1815 and the transfer to the ATV  
38 Recreational Management Fund pursuant to Title 36, section 1820. On October 1st of each  
39 year, the State Controller shall transfer to the Multimodal Transportation Fund an amount,  
40 as certified by the State Tax Assessor, that is equivalent to 100% of the revenue from the  
41 tax imposed on the value of rental of a truck or van with a gross weight of less than 26,000  
42 pounds rented from a person primarily engaged in the business of renting automobiles and  
43 the value of rental for a period of less than one year of an automobile pursuant to Title 36,  
44 section 1811 for the last 6 months of the immediately prior fiscal year after the reduction

1 for the transfer to the Local Government Fund as described by Title 30-A, section 5681,  
2 subsection 5, the transfers to the sales tax funds pursuant to Title 36, section 1815 and the  
3 transfer to the ATV Recreational Management Fund pursuant to Title 36, section 1820.  
4 The tax amount must be based on actual sales for that fiscal year and may not consider any  
5 accruals that may be required by law.

6 **Sec. B-3. 36 MRSA §1820, first ¶**, as amended by PL 2021, c. 630, Pt. D, §2, is  
7 repealed.

8 **Sec. B-4. 36 MRSA §1820, 2nd ¶**, as enacted by PL 2021, c. 630, Pt. D, §2, is  
9 amended to read:

10 ~~Beginning July 1, 2023 and every~~ On July 1st thereafter of each year, the State  
11 Controller shall transfer to the ATV Recreational Management Fund established in Title  
12 12, section 1893, subsection 2 an amount, as certified by the State Tax Assessor, that is  
13 equivalent to 90% of the revenue from the tax imposed under this Part on the rental of all-  
14 terrain vehicles, as defined in Title 12, section 13001, subsection 3, for the first 6 months  
15 of the immediately prior fiscal year after the reduction for the transfer to the Local  
16 Government Fund as described by Title 30-A, section 5681, subsection 5 and the transfers  
17 to the sales tax funds pursuant to section 1815. ~~Beginning on October 1, 2023 and every~~  
18 On October 1st thereafter of each year, the State Controller shall transfer to the ATV  
19 Recreational Management Fund an amount, as certified by the State Tax Assessor, that is  
20 equivalent to 90% of the revenue from the tax imposed under this Part on the rental of all-  
21 terrain vehicles for the last 6 months of the immediately prior fiscal year after the reduction  
22 for the transfer to the Local Government Fund as described by Title 30-A, section 5681,  
23 subsection 5 and the transfers to the sales tax funds pursuant to section 1815. The remaining  
24 10% of the revenue from the tax imposed under this Part on the rental of all-terrain vehicles  
25 is transferred to the Multimodal Transportation Fund pursuant to Title 23, section 4210-B,  
26 subsection 7-A. The tax amount must be based on actual sales for that fiscal year and may  
27 not consider any accruals that may be required by law.

28 **Sec. B-5. 36 MRSA §4401, sub-§9**, as amended by PL 2023, c. 441, Pt. E, §9 and  
29 affected by §28, is further amended to read:

30 **9. Tobacco products.** "Tobacco products" means any products that are made from or  
31 derived from tobacco, or that contain nicotine, including, but not limited to, cigars,  
32 including premium cigars; cheroots; stogies; electronic smoking devices and liquids used  
33 in electronic smoking devices whether or not they contain nicotine; periques, granulated,  
34 plug cut, crimp cut, ready rubbed and other smoking tobacco; snuff; snuff flour; snus;  
35 cavendish; plug and twist tobacco; finecut and other chewing tobaccos; shorts; refuse  
36 scraps, clippings, cuttings and sweepings of tobacco; and other kinds and forms of tobacco,  
37 prepared in such manner as to be intended for human consumption or as is likely to be  
38 consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled or ingested by  
39 any other means.

## 40 PART C

41 **Sec. C-1. 5 MRSA §13083-S-1, sub-§1, ¶D-1** is enacted to read:

42 D-1. "Benefit base" has the same meaning as in Title 36, section 6753, subsection 5-B.

1           **Sec. C-2. 5 MRSA §13083-S-1, sub-§3, ¶D**, as enacted by PL 2009, c. 641, §9,  
2 is amended to read:

3           D. State income tax withholding attributable to any qualified employee whose wages  
4 are included in computing the benefit base eligible for reimbursement to a Maine  
5 Employment Tax Increment Financing Program qualified business pursuant to Title  
6 36, chapter 917 ~~or to a qualified pine tree development zone business under Title 30-A,~~  
7 ~~chapter 206~~ is not eligible for use in the calculation of a payment to the fund under  
8 ~~subsections 4 and subsection 5~~. State income tax withholding under ~~Title 36, chapter~~  
9 ~~919~~, or any other tax credit or reimbursement program based on state income tax  
10 withholding, is not eligible for use in calculation of a payment to the fund under  
11 ~~subsections 4 and subsection 5~~.

12           **Sec. C-3. 5 MRSA §13083-S-1, sub-§5**, as amended by PL 2019, c. 659, Pt. E,  
13 §2, is further amended to read:

14           **5. Procedure for payment of revenue to the fund.** On or before July 15th of each  
15 year, the assessor shall review the information required by subsection 4 and calculate the  
16 job tax increment for the preceding calendar year. The assessor shall also calculate the  
17 ~~employment tax increment~~ amount of the benefit base in the base area eligible for  
18 reimbursement to qualified Maine Employment Tax Increment Financing Program  
19 businesses pursuant to Title 36, chapter 917. Between July 1st and July 15th of each year,  
20 the assessor shall certify to the State Controller the total remaining job tax increment as a  
21 result of the limitation in subsection 3, paragraph D and the remaining benefit base after  
22 reimbursements have been made to qualified Maine Employment Tax Increment Financing  
23 Program businesses pursuant to Title 36, chapter 917. On or before July 31st of each year,  
24 the State Controller shall transfer 50% of the remaining job tax increment and 50% of the  
25 remaining benefit base to the state job tax increment contingent account established,  
26 maintained and administered by the State Controller from General Fund undedicated  
27 revenue within the withholding tax category. On or before July 31st of each year, the State  
28 Controller shall deposit this revenue into the fund and distribute the payments pursuant to  
29 subsection 3.

30           **Sec. C-4. 36 MRSA §2521-A**, as amended by PL 2023, c. 441, Pt. C, §1 and  
31 affected by §11, is further amended to read:

32           **§2521-A. Returns; payment of tax**

33           Every insurance company, association, producer or attorney-in-fact of a reciprocal  
34 insurer subject to the tax imposed by this chapter shall make payment of estimated tax in 4  
35 equal installments on or before the ~~last day of each April, the 25th day of each June and the~~  
36 ~~last day of each October~~ 15th day of April, June, September and December of the calendar  
37 year for which the tax is owed. Each ~~April and June~~ estimated tax payment ~~must equal 35%~~  
38 ~~may not be less than the smaller of 25% of the total tax paid for the immediately preceding~~  
39 ~~calendar year or at least 35% of the total tax to be paid for the current calendar year and~~  
40 ~~each October estimated tax payment must equal 15% of the total tax paid for the preceding~~  
41 ~~calendar year or at least 15% and 22.5% of the total tax to be paid for the current calendar~~  
42 ~~year except that, for which the tax is owed~~. For the tax on nonadmitted insurance premiums  
43 under section 2531, the surplus lines producer or the insured may elect to determine ~~the~~  
44 ~~estimated tax payment for each required estimated tax period~~ payment on the basis of  
45 premiums on contracts written during each estimated tax period calendar quarter of the

1 ~~current~~ calendar year for which the tax is owed; the election applies to all estimated tax  
2 payments required for that calendar year. A final return must be filed on or before March  
3 15th covering the ~~prior~~ immediately preceding calendar year.

4 At the time of filing the returns, each insurance company, association, producer or  
5 attorney-in-fact of a reciprocal insurer shall pay to the assessor the amount of tax shown  
6 due.

7 An insurance company, association, producer or attorney-in-fact of a reciprocal insurer  
8 whose annual tax liability under this chapter does not exceed \$1,000 may file an annual  
9 return with payment on or before March 15th covering the ~~prior~~ immediately preceding  
10 calendar year.

## 11 SUMMARY

12 Part A clarifies the circumstances under which a taxpayer who has delinquent taxes on  
13 multiple residential properties is disqualified from the homestead property tax deferral  
14 program.

15 Part B makes changes to the state sales tax and tobacco products tax law. Part B:

16 1. Removes the Tourism Marketing Promotion Fund, the Multimodal Transportation  
17 Fund and the ATV Recreational Management Fund transfers from revenue subject to  
18 transfer to the Passamaquoddy Sales Tax Fund, the Penobscot Sales Tax Fund and the  
19 Maliseet Sales Tax Fund, thereby preventing more than 100% of the revenue from being  
20 transferred out of the General Fund; and

21 2. Clarifies the tobacco products tax definition of "tobacco products" as including any  
22 product that contains nicotine.

23 Part C makes changes to the state income tax and insurance premiums tax law. Part C:

24 1. Updates the calculation of payments made to the Brunswick Naval Air Station Job  
25 Increment Financing Fund for businesses that are also part of the Maine Employment Tax  
26 Increment Financing Program to correspond with recent law changes switching the  
27 employment tax increment financing base from withholding to a percentage of incremental  
28 gross wages; and

29 2. Generally aligns the insurance premiums tax estimated tax payment due dates and  
30 amounts with those of the corporate income tax and makes other nonsubstantive changes  
31 to clarify the law.