

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**

**ONE HUNDRED AND TWENTY-EIGHTH LEGISLATURE**

**SECOND SPECIAL SESSION**  
**June 19, 2018 to September 13, 2018**

**THE GENERAL EFFECTIVE DATE FOR**  
**SECOND SPECIAL SESSION**  
**NON-EMERGENCY LAWS IS**  
**DECEMBER 13, 2018**

**ONE HUNDRED AND TWENTY-NINTH LEGISLATURE**

**FIRST REGULAR SESSION**  
**December 5, 2018 to June 20, 2019**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**SEPTEMBER 19, 2019**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH THE MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

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**Augusta, Maine**  
**2019**

Initiative: Provides funding for receipt and review of confidential criminal history record information within the Department of Health and Human Services.

GENERAL FUND	2017-18	2018-19
All Other	\$0	\$9,660
GENERAL FUND TOTAL	\$0	\$9,660

See title page for effective date.

**CHAPTER 474  
S.P. 612 - L.D. 1655**

**An Act To Conform to the  
United States Internal Revenue  
Code of 1986 and Provide Tax  
Relief to Maine Families**

**Emergency preamble.** Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** state tax law needs to be updated to conform to federal law before the 90-day period expires to provide clarity and certainty regarding the effect of the changes in federal tax laws on state tax laws; and

**Whereas,** legislative action is immediately necessary to ensure continued and efficient administration of the state income tax and certain other state taxes; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**PART A**

**Sec. A-1. 36 MRSA §111, sub-§1-A,** as amended by PL 2017, c. 24, §1, is further amended to read:

**1-A. Code.** "Code" means the United States Internal Revenue Code of 1986 and amendments to that Code as of ~~December 31, 2016~~ March 23, 2018.

**Sec. A-2. Application.** This Part applies to tax years beginning on or after January 1, 2017 and to any prior tax years as specifically provided by the United States Internal Revenue Code of 1986 and amendments to that Code as of March 23, 2018.

**PART B**

**Sec. B-1. 36 MRSA §5124-B,** as amended by PL 2017, c. 170, Pt. D, §§5 and 6, is further amended to read:

**§5124-B. Standard deduction; resident on or after January 1, 2016 but before January 1, 2018**

For tax years beginning on or after January 1, 2016 but before January 1, 2018, the standard deduction of a resident individual is equal to the sum of the basic standard deduction and any additional standard deduction, subject to the phase-out under subsection 3.

**1. Basic standard deduction.** The basic standard deduction is:

- A. For single individuals and married persons filing separate returns, the basic standard deduction is \$11,600;
- B. For individuals filing as heads of household, the basic standard deduction is the amount allowed under paragraph A multiplied by 1.5; and
- C. For individuals filing married joint returns or surviving spouses, the basic standard deduction is the amount allowed under paragraph A multiplied by 2.

**2. Additional standard deduction.** The additional standard deduction is the amount allowed under the Code, Section 63(c)(3).

**3. Phase-out.** The total standard deduction of the taxpayer determined in accordance with subsections 1 and 2 must be reduced by an amount equal to the total standard deduction multiplied by the following fraction:

- A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$70,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction contained in this paragraph produce a result that is more than one. ~~The \$70,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4;~~
- B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$105,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction contained in this paragraph produce a result that is more than one. ~~The \$105,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; or~~

C. For individuals filing married joint returns or surviving spouses, the numerator is the taxpayer's Maine adjusted gross income less \$140,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction contained in this paragraph produce a result that is more than one. ~~The \$140,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4.~~

**Sec. B-2. 36 MRSA §5124-C** is enacted to read:

**§5124-C. Standard deduction; resident on or after January 1, 2018**

**1. Amount.** For tax years beginning on or after January 1, 2018, the standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, subject to the phase-out under subsection 2.

**2. Phase-out.** The standard deduction of the taxpayer must be reduced by an amount equal to the total standard deduction multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$80,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$80,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4;

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$120,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$120,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; or

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, the numerator is the taxpayer's Maine adjusted gross income less \$160,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$160,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4.

**Sec. B-3. 36 MRSA §5125, sub-§3, ¶A-1** is enacted to read:

A-1. Increased by the amount of property taxes not claimed under the Code, Section 164(a)(1) and (2) as a result of the limitation under the Code, Section 164(b)(6)(B);

**Sec. B-4. 36 MRSA §5125, sub-§6**, as enacted by PL 2017, c. 170, Pt. D, §7, is amended to read:

**6. Phase-out.** For tax years beginning on or after January 1, 2016 ~~but before January 1, 2018~~, the total itemized deductions of the taxpayer determined in accordance with subsections 1 through 4 must be reduced by an amount equal to the total itemized deductions multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$70,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction contained in this paragraph produce a result that is more than one. ~~The \$70,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4;~~

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$105,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction contained in this paragraph produce a result that is more than one. ~~The \$105,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; or~~

C. For individuals filing married joint returns or surviving spouses, the numerator is the taxpayer's Maine adjusted gross income less \$140,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction contained in this paragraph produce a result that is more than one. ~~The \$140,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4.~~

**Sec. B-5. 36 MRSA §5125, sub-§7** is enacted to read:

**7. Phase-out.** For tax years beginning on or after January 1, 2018, the total itemized deductions of the taxpayer determined in accordance with subsections 1 through 4 must be reduced by an amount equal to the total itemized deductions multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$80,000,

except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$80,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4;

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$120,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$120,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; or

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, the numerator is the taxpayer's Maine adjusted gross income less \$160,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$160,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4.

**Sec. B-6. 36 MRSA §5126**, as amended by PL 2011, c. 380, Pt. N, §11 and affected by §19, is further amended to read:

**§5126. Personal exemptions prior to 2018**

For income tax years beginning on or after January 1, 1998 but before January 1, 1999, a resident individual is allowed \$2,400 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 1999 but before January 1, 2000, a resident individual is allowed \$2,750 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 2000 but before January 1, 2013, a resident individual is allowed \$2,850 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 2013 but before January 1, 2018, a resident individual is allowed a deduction equal to the total amount of deductions allowed for personal exemptions in accordance with the Code, Section 151.

**Sec. B-7. 36 MRSA §5126-A** is enacted to read:

**§5126-A. Personal exemptions on or after January 1, 2018**

**1. Amount.** For income tax years beginning on or after January 1, 2018, a resident individual is allowed a personal exemption deduction for the taxable year equal to \$4,150, unless the individual may be claimed as a dependent on another return. A resident individual is allowed an additional personal exemption deduction for the taxable year equal to \$4,150 if the individual is married filing a joint return, unless the individual's spouse may be claimed as a dependent on another return. The deduction allowed under this subsection is subject to the phase-out under subsection 2.

For purposes of this subsection, "dependent" has the same meaning as in the Code, Section 152.

**2. Phase-out.** The personal exemption deduction amount determined under subsection 1 must be reduced by an amount equal to the total personal exemption deduction amount multiplied by a fraction. The numerator of the fraction is the taxpayer's Maine adjusted gross income less the applicable amount, except that the numerator may not be less than zero, and the denominator is \$62,500 in the case of a married individual filing a separate return and \$125,000 in all other cases. In no case may the fraction contained in this paragraph produce a result that is more than one. The applicable amount used to calculate the numerator in this subsection must be adjusted for inflation in accordance with section 5403, subsection 8.

For purposes of this subsection, "applicable amount" means:

- A. For single individuals, \$266,700;
- B. For individuals filing as heads of households, \$293,350;
- C. For individuals filing married joint returns or surviving spouses, \$320,000; or
- D. For married individuals filing separate returns, one-half of the applicable amount under paragraph C.

**Sec. B-8. 36 MRSA §5213-A, sub-§1, ¶A**, as amended by PL 2015, c. 328, §4, is further amended to read:

A. ~~Base~~ For tax years beginning before January 1, 2018, "base credit" means:

- (1) For an individual income tax return claiming one personal exemption, \$100 for tax years beginning in 2016 and \$125 for tax years beginning on or after January 1, 2017;
- (2) For an individual income tax return claiming 2 personal exemptions, \$140 for tax years beginning in 2016 and \$175 for tax years beginning on or after January 1, 2017;

(3) For an individual income tax return claiming 3 personal exemptions, \$160 for tax years beginning in 2016 and \$200 for tax years beginning on or after January 1, 2017; and

(4) For an individual income tax return claiming 4 or more personal exemptions, \$180 for tax years beginning in 2016 and \$225 for tax years beginning on or after January 1, 2017.

For the purposes of this paragraph, personal exemption does not include a personal exemption for an individual who is incarcerated.

**Sec. B-9. 36 MRSA §5213-A, sub-§1, ¶A-1** is enacted to read:

A-1. For tax years beginning on or after January 1, 2018, "base credit" means:

(1) For single individuals, \$125;

(2) For individuals filing joint returns or as heads of households, \$175 plus an additional amount equal to:

(a) For individuals filing joint returns, \$25 if they can claim the federal child tax credit pursuant to the Code, Section 24 for no more than one qualifying child or dependent or \$50 if they can claim the credit for more than one qualifying child or dependent; or

(b) For individuals filing as heads of households, \$25 if they can claim the federal child tax credit pursuant to the Code, Section 24 for 2 qualifying children or dependents or \$50 if they can claim the credit for more than 2 qualifying children or dependents.

**Sec. B-10. 36 MRSA §5213-A, sub-§1, ¶B,** as enacted by PL 2015, c. 267, Pt. DD, §19, is amended to read:

B. "Income" means federal adjusted gross income increased by the following amounts:

(1) Trade or business losses; capital losses; any net loss resulting from combining the income or loss from rental real estate and royalties, the income or loss from partnerships and S corporations, the income or loss from estates and trusts, the income or loss from real estate mortgage investment conduits and the net farm rental income or loss; any loss associated with the sale of business property; and farm losses included in federal adjusted gross income;

(2) Interest received to the extent not included in federal adjusted gross income;

(3) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and

(4) The following amounts deducted in arriving at federal adjusted gross income:

(a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

(b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);

(c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);

(d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);

(e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);

(f) Moving expenses pursuant to the Code, Section 62(a)(15);

(g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);

(h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);

(i) The self-employed health insurance deduction pursuant to the Code, Section 162(l);

(j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);

(k) Alimony paid pursuant to the Code, Section 62(a)(10);

(l) The IRA deduction pursuant to the Code, Section 62(a)(7);

(m) The student loan interest deduction pursuant to the Code, Section 62(a)(17); and

(n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18); and

~~(o) The domestic production activities deduction pursuant to the Code, Section 199.~~

**Sec. B-11. 36 MRSA §5213-A, sub-§6,** as corrected by RR 2015, c. 1, §42, is amended to read:

**6. Limitations.** The following individuals do not qualify for the credit under this section:

- A. Married taxpayers filing separate returns; ~~or~~
- B. Individuals who do not qualify as resident individuals because they do not meet the requirements of section 5102, subsection 5, paragraph A; or
- C. Individuals who may be claimed as a dependent on another taxpayer's return.

**Sec. B-12. 36 MRSA §5219-KK, sub-§1,** ~~¶A~~, as amended by PL 2017, c. 211, Pt. D, §6, is further amended to read:

A. "Benefit For tax years beginning before January 1, 2018, "benefit base" means property taxes paid by a resident individual during the tax year on the resident individual's homestead in this State or rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State not exceeding the following amounts:

- (1) For persons filing as single individuals, \$2,000;
- (2) For persons filing joint returns or as heads of households that claim no more than 2 personal exemptions, \$2,600; and
- (3) For persons filing joint returns or as heads of households that claim 3 or more personal exemptions, \$3,200.

**Sec. B-13. 36 MRSA §5219-KK, sub-§1,** ~~¶A-1~~ is enacted to read:

A-1. For tax years beginning on or after January 1, 2018, "benefit base" means property taxes paid by a resident individual during the tax year on the resident individual's homestead in this State or rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State not exceeding the following amounts:

- (1) For persons filing as single individuals, \$2,050;
- (2) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for no more than one qualifying child or dependent or for persons filing joint returns, \$2,650; and
- (3) For persons filing as heads of households that can claim the federal child tax credit pursuant to the Code, Section 24 for more than one qualifying child or dependent or for persons filing joint returns that can claim the federal child tax credit pursuant to the Code, Section 24 for at least one qualifying child or dependent, \$3,250.

**Sec. B-14. 36 MRSA §5219-KK, sub-§1,** ~~¶D~~, as enacted by PL 2013, c. 551, §3, is amended to read:

D. "Income" means federal adjusted gross income increased by the following amounts:

- (1) Trade or business losses; capital losses; any net loss resulting from combining the income or loss from rental real estate and royalties, the income or loss from partnerships and S corporations, the income or loss from estates and trusts, the income or loss from real estate mortgage investment conduits and the net farm rental income or loss; any loss associated with the sale of business property; and farm losses included in federal adjusted gross income;
- (2) Interest received to the extent not included in federal adjusted gross income;
- (3) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and
- (4) The following amounts deducted in arriving at federal adjusted gross income:
  - (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);
  - (b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);
  - (c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);
  - (d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);
  - (e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);
  - (f) Moving expenses pursuant to the Code, Section 62(a)(15);
  - (g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);
  - (h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);
  - (i) The self-employed health insurance deduction pursuant to the Code, Section 162(l);
  - (j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);

- (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- (m) The student loan interest deduction pursuant to the Code, Section 62(a)(17); and
- (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18); and
- ~~(o) The domestic production activities deduction pursuant to the Code, Section 199.~~

**Sec. B-15. 36 MRSA §5219-KK, sub-§2**, as amended by PL 2017, c. 211, Pt. D, §7, is further amended to read:

**2. Credit prior to 2018.** A For tax years beginning before January 1, 2018, a resident individual is allowed a credit against the taxes imposed under this Part in an amount equal to 50% of the amount by which the benefit base for the resident individual exceeds 6% of the resident individual's income. The credit may not exceed \$600 for resident individuals under 65 years of age as of the last day of the taxable year or \$900 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$900 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

**Sec. B-16. 36 MRSA §5219-KK, sub-§2-A** is enacted to read:

**2-A. Credit in 2018 and after.** For tax years beginning on or after January 1, 2018, a resident individual is allowed a credit against the taxes imposed under this Part equal to the amount by which the benefit base for the resident individual exceeds 6% of the resident individual's income. The credit may not exceed \$750 for resident individuals under 65 years of age as of the last day of the taxable year or \$1,200 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$1,200 credit limitation. Married taxpayers filing separate returns do not qualify for the credit under this section.

**Sec. B-17. 36 MRSA §5219-SS** is enacted to read:

**§5219-SS. Dependent exemption tax credit**

**1. Resident taxpayer.** A resident individual is allowed a credit against the tax otherwise due under this Part equal to \$300 for each qualifying child and dependent of the taxpayer for whom the federal child

tax credit pursuant to the Code, Section 24 was claimed for the same taxable year.

**2. Nonresident taxpayer.** A nonresident individual is allowed a credit against the tax otherwise due under this Part equal to \$300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Code, Section 24 was claimed for the same taxable year, multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income as modified by section 5122.

**3. Part-year resident taxpayer.** An individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part equal to \$300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Code, Section 24 was claimed for the same taxable year, multiplied by a fraction, the numerator of which is the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph A, for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income as modified by section 5122.

**4. Limitation and phase-out.** The credit allowed by this section may not reduce the tax otherwise due under this Part to less than zero. The amount of the credit allowed by this section must be reduced, but not below zero, by \$7.50 for each \$1,000 or fraction thereof by which the taxpayer's Maine adjusted gross income exceeds \$400,000 in the case of a joint return and \$200,000 in any other case.

**Sec. B-18. 36 MRSA §5250, sub-§2, ¶B**, as amended by PL 1997, c. 668, §36, is further amended to read:

B. The dollar amount of each withholding allowance in this State must be equivalent to the amount of the personal exemption determined in section ~~5126~~ 5126-A whether the individual is a resident or a nonresident.

**Sec. B-19. 36 MRSA §5403, first ¶**, as enacted by PL 2015, c. 267, Pt. DD, §33, is amended to read:

On or about September 15th of each year as specified in ~~subsections 1 to 6~~ this section, the assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the following:



**Sec. B-20. 36 MRSA §5403, sub-§2**, as enacted by PL 2015, c. 267, Pt. DD, §33, is amended to read:

**2. Standard deductions.** ~~By~~ In 2016, by the dollar amount contained in section 5124-B, subsection 1, paragraph A, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2015;

**Sec. B-21. 36 MRSA §5403, sub-§4**, as amended by PL 2017, c. 170, Pt. D, §10, is further amended to read:

**4. Individual income tax standard deduction and itemized deduction phase-out.** Beginning in ~~2017~~ 2018 and each year thereafter, by the dollar amount contained in the numerator of the fraction specified in section ~~5124-B~~ 5124-C, subsection ~~3~~ 2, paragraphs A, B and C and section 5125, subsection ~~6~~ 7, paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, ~~2016~~ 2017;

**Sec. B-22. 36 MRSA §5403, sub-§5**, as enacted by PL 2015, c. 267, Pt. DD, §33, is amended to read:

**5. Sales tax fairness credit.** For the sales tax fairness credit:

A. Beginning in ~~2017~~ 2018 and each year thereafter, by the base credit ~~amount~~ amounts in section 5213-A, subsection 1, paragraph ~~A~~ A-1, including the additional amounts in subparagraph ~~(1)~~ (2), divisions (a) and (b), except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, ~~2016~~ 2017. If the base credit amount, adjusted by application of the cost-of-living adjustment, is not a multiple of \$5, any increase must be rounded to the next lowest multiple of \$5; and

~~B. Beginning in 2017 and each year thereafter, the base credit amount in section 5213-A, subsection 1, paragraph A, subparagraphs (2) to (4) is equal to the base credit amount determined in accordance with paragraph A, multiplied by the following applicable factor:~~

~~(1) For section 5213-A, subsection 1, paragraph A, subparagraph (2), 1.4;~~

~~(2) For section 5213-A, subsection 1, paragraph A, subparagraph (3), 1.6; and~~

~~(3) For section 5213-A, subsection 1, paragraph A, subparagraph (4), 1.8.~~

~~If the base credit amount, adjusted by application of the appropriate factor, is not a multiple of \$5, any increase must be rounded to the next lowest multiple of \$5; and~~

C. Beginning in 2016 and each year thereafter, by the dollar amount of the income threshold set forth in section 5213-A, subsection 4, except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2015; and

**Sec. B-23. 36 MRSA §5403, sub-§6**, as enacted by PL 2015, c. 267, Pt. DD, §33, is amended to read:

**6. Property tax fairness credit.** Beginning in ~~2015~~ 2018 and each year thereafter, the benefit base amounts in section 5219-KK, subsection 1, paragraph ~~A-1~~, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017;

**Sec. B-24. 36 MRSA §5403, sub-§§7 and 8** are enacted to read:

**7. Personal exemptions.** Beginning in 2018 and each year thereafter, by the dollar amounts contained in section 5126-A, subsection 1, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017; and

**8. Personal exemption phase-out.** Beginning in 2018 and each year thereafter, by the dollar amount of the applicable amounts specified in section 5126-A, subsection 2, paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017.

**Sec. B-25. 36 MRSA §5403, 2nd ¶**, as enacted by PL 2015, c. 267, Pt. DD, §33, is amended to read:

Except for subsection 5, ~~paragraphs paragraph A and B~~, if the dollar amount of each item, adjusted by the application of the cost-of-living adjustment, is not a multiple of \$50, any increase must be rounded to the next lowest multiple of \$50.

**Sec. B-26. Application.** Those sections of this Part that amend the Maine Revised Statutes, Title 36, section 5213-A, subsection 1, paragraph B; section 5213-A, subsection 6; section 5219-KK, subsection 1, paragraph D; and section 5250, subsection 2, paragraph B and that enact Title 36, section 5125, subsection 3, paragraph A-1 and section 5219-SS apply to tax years beginning on or after January 1, 2018.

### PART C

**Sec. C-1. 36 MRSA §5122, sub-§1, ¶X**, as amended by PL 2007, c. 539, Pt. CCC, §2, is further amended to read:

X. ~~An~~ For tax years beginning on or after January 1, 2005 but before January 1, 2018, an amount equal to the taxpayer's federal deduction relating to income attributable to domestic production activities claimed in accordance with Section 102 of the federal American Jobs Creation Act of 2004, Public Law 108-357;

**Sec. C-2. 36 MRSA §5122, sub-§1, ¶LL** is enacted to read:

LL. An amount equal to the net operating loss carry-forward claimed as a deduction under the Code, Section 172 in determining federal taxable income for the taxable year that was previously allowed as a deduction pursuant to subsection 2, paragraph PP.

**Sec. C-3. 36 MRSA §5122, sub-§2, ¶PP** is enacted to read:

PP. For taxable years beginning on or after January 1, 2018, to the extent otherwise deductible, an amount equal to the net operating loss carry-forward deduction disallowed as a result of the limitation under the Code, Section 172(a)(2), but only to the extent that:

(1) Maine taxable income is not reduced below zero; and

(2) The amount has not been previously used as a modification pursuant to this paragraph.

**Sec. C-4. 36 MRSA §5164, sub-§1**, as amended by PL 2011, c. 548, §26 and affected by §35, is further amended to read:

**1. Fiduciary adjustment defined.** The fiduciary adjustment is the net amount of the modifications described in section 5122, including subsection 3 if the

estate or trust is a beneficiary of another estate or trust, that relates to items of income or deduction of an estate or trust. ~~Income~~ The following items, to the extent that they were deducted in calculating federal taxable income, must be added back to the fiduciary adjustment: income taxes imposed by this State or any other taxing jurisdiction; the amount of the qualified business income deduction determined under the Code, Section 199A; and interest or expenses incurred in the production of income exempt from tax under this Part that were deducted in arriving at federal taxable income must be added back to the fiduciary adjustment. Interest or expenses incurred in the production of income taxable under this Part but exempt from federal income tax must be subtracted from the fiduciary adjustment.

**Sec. C-5. 36 MRSA §5200-A, sub-§1, ¶S**, as amended by PL 2007, c. 700, Pt. B, §1, is further amended to read:

~~S. An~~ For tax years beginning on or after January 1, 2005 but before January 1, 2018, an amount equal to the taxpayer's federal deduction relating to income attributable to domestic production activities claimed in accordance with Section 102 of the federal American Jobs Creation Act of 2004, Public Law 108-357;

**Sec. C-6. 36 MRSA §5200-A, sub-§1, ¶DD** is enacted to read:

DD. An amount equal to the net operating loss carry-forward claimed as a deduction under the Code, Section 172 in determining federal taxable income for the taxable year that was previously allowed as a deduction pursuant to subsection 2, paragraph BB.

**Sec. C-7. 36 MRSA §5200-A, sub-§2, ¶BB** is enacted to read:

BB. For taxable years beginning on or after January 1, 2018, to the extent otherwise deductible, an amount equal to the net operating loss carry-forward deduction disallowed as a result of the limitation under the Code, Section 172(a)(2), but only to the extent that:

(1) Maine taxable income is not reduced below zero; and

(2) The amount has not been previously used as a modification pursuant to this paragraph.

**Sec. C-8. 36 MRSA §5203-C, sub-§2, ¶C**, as enacted by PL 2003, c. 673, Pt. JJ, §3 and affected by §6, is amended to read:

C. Taxable corporations required to file an income tax return under this Part, excluding financial institutions subject to the tax imposed by chapter 819 and persons not subject to the federal alternative minimum tax under the Code, Section

55(e). The tax imposed by this subsection does not apply to taxable corporations for tax years beginning on or after January 1, 2018.

**Sec. C-9. Application.** That section of this Part that amends the Maine Revised Statutes, Title 36, section 5164, subsection 1 applies to tax years beginning on or after January 1, 2018.

**PART D**

**Sec. D-1. 36 MRSA §5200-A, sub-§1,** ~~¶¶~~EE and FF are enacted to read:

EE. An amount equal to the taxpayer's deduction claimed in accordance with the Code, Section 965(c).

FF. An amount equal to the taxpayer's global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B).

**Sec. D-2. 36 MRSA §5200-A, sub-§2, ¶G,** as amended by PL 1997, c. 746, §10 and affected by §24, is further amended to read:

G. Fifty percent of the apportionable dividend income, net of related expenses and other related deductions deducted in computing federal taxable income, the taxpayer received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report, ~~except that this modification must be phased in over 5 years in accordance with the following schedule:~~ Dividend income does not include subpart F income, as defined in the Code, Section 952, income included in federal taxable income in accordance with the Code, Section 951A or income included in federal taxable income in accordance with the Code, Section 965. Any amount subtracted from federal taxable income under this paragraph must be excluded from the sales factor of any apportionment formula employed to attribute income to this State;

<del>Taxable year beginning in:</del>	<del>Subtractable dividend income:</del>
<del>1989</del>	<del>10%</del>
<del>1990</del>	<del>20%</del>
<del>1991</del>	<del>30%</del>
<del>1992</del>	<del>40%</del>
<del>1993 or thereafter</del>	<del>50%;</del>

**Sec. D-3. 36 MRSA §5200-A, sub-§2,** ~~¶¶~~CC, DD and EE are enacted to read:

CC. An amount equal to 50% of the apportionable subpart F income, as defined in the Code, Section 952, net of related expenses and other related deductions deducted in computing federal taxable income, that the taxpayer included in federal gross income during the taxable year. Any amount sub-

tracted from federal taxable income under this paragraph must be excluded from the sales factor of any apportionment formula employed to attribute income to this State.

DD. An amount equal to 80% of the apportionable deferred foreign income that the taxpayer included in federal gross income during the taxable year in accordance with the Code, Section 965(a) as adjusted by Section 965(b). Any amount subtracted from federal taxable income under this paragraph must be excluded from the sales factor of any apportionment formula employed to attribute income to this State.

EE. An amount equal to 50% of the apportionable global intangible low-taxed income that the taxpayer included in federal gross income during the taxable year in accordance with the Code, Section 951A, net of related expenses and other related deductions deducted in computing federal taxable income. The amount included in the sales factor of any apportionment formula employed to attribute apportionable income to this State the taxpayer included in federal gross income during the taxable year in accordance with the Code, Section 951A is 50% of the amount included in federal gross income.

**Sec. D-4. Application.** This Part applies to tax years beginning on or after January 1, 2017, except that those sections of this Part that enact the Maine Revised Statutes, Title 36, section 5200-A, subsection 1, paragraph FF and subsection 2, paragraph EE apply to tax years beginning on or after January 1, 2018.

**PART E**

**Sec. E-1. 36 MRSA §5200, sub-§1,** as amended by PL 2005, c. 618, §6 and affected by §22, is further amended to read:

**1. Imposition and rate of tax prior to 2018.** A For tax years beginning before January 1, 2018, a tax is imposed for each taxable year at the following rates on each taxable corporation and on each group of corporations that derives income from a unitary business carried on by 2 or more members of an affiliated group:

<u>If the income is:</u>	<u>The tax is:</u>
<u>Not over \$25,000</u>	<u>3.5% of the income</u>
<u>\$25,000 but not over \$75,000</u>	<u>\$875 plus 7.93% of the excess over \$25,000</u>
<u>\$75,000 but not over \$250,000</u>	<u>\$4,840 plus 8.33% of the excess over \$75,000</u>
<u>\$250,000 or more</u>	<u>\$19,418 plus 8.93% of the excess over \$250,000</u>

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable only by Maine, the rates provided in this subsection are

applied only to the first \$250,000 of the Maine net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the Maine net income of the entire group is taxed at 8.93%.

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable both within and without this State, the rates provided in this subsection are applied only to the first \$250,000 of the net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the net income of the entire group is taxed at 8.93%.

**Sec. E-2. 36 MRSA §5200, sub-§1-A** is enacted to read:

**1-A. Imposition and rate of tax beginning 2018.** For tax years beginning on or after January 1, 2018, a tax is imposed for each taxable year at the following rates on each taxable corporation and on each group of corporations that derives income from a unitary business carried on by 2 or more members of an affiliated group:

<u>If the income is:</u>	<u>The tax is:</u>
<u>Not over \$350,000</u>	<u>3.5% of the income</u>
<u>\$350,000 but not over \$1,050,000</u>	<u>\$12,250 plus 7.93% of the excess over \$350,000</u>
<u>\$1,050,000 but not over \$3,500,000</u>	<u>\$67,760 plus 8.33% of the excess over \$1,050,000</u>
<u>\$3,500,000 or more</u>	<u>\$271,845 plus 8.93% of the excess over \$3,500,000</u>

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable only by Maine, the rates provided in this subsection are applied only to the first \$3,500,000 of the Maine net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the Maine net income of the entire group is taxed at 8.93%.

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable both within and without this State, the rates provided in this subsection are applied only to the first \$3,500,000 of the net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the net income of the entire group is taxed at 8.93%.

**Sec. E-3. 36 MRSA §5200, sub-§§2 to 4**, as enacted by PL 2005, c. 457, Pt. FFF, §1 and affected by §2, are amended to read:

**2. Business activity only within Maine.** For purposes of ~~subsection~~ subsections 1 and 1-A, with respect to a taxable corporation or group of corporations that derive income from a unitary business carried on by 2 or more members of an affiliated group with income from business activity that is taxable only by Maine, "income" means Maine net income.

**3. Business activity within and outside Maine.** For purposes of ~~subsection~~ subsections 1 and 1-A, with respect to a taxable corporation with income from business activity that is taxable both within and without this State, "income" means the corporation's net income. The tax amount computed under ~~subsection~~ subsections 1 and 1-A must then be apportioned under the provisions of chapter 821 to determine the amount of tax imposed on that corporation.

**4. Business activity within and outside Maine; unitary business.** For purposes of ~~subsection~~ subsections 1 and 1-A, with respect to taxable corporations that derive income from a unitary business carried on by 2 or more members of an affiliated group with business activity that is taxable both within and without this State, "income" means the net income of the entire group. The tax amount computed under ~~subsection~~ subsections 1 and 1-A must then be apportioned under the provisions of chapter 821 for the entire group to determine the amount of tax imposed on the taxable corporations.

**PART F**

**Sec. F-1. 5 MRSA §12004-I, sub-§18-B**, as enacted by PL 1997, c. 732, §1, is amended to read:

**18-B.**

Education:	Advisory	Not Au-	20-A
Financial	Committee	thorized	MRSA
Aid	on <del>College</del>		§11484
	<u>Education</u>		
	Savings		

**Sec. F-2. 20-A MRSA §11471, sub-§1**, as enacted by PL 1997, c. 732, §4, is amended to read:

**1. Advisory committee.** "Advisory committee" means the Advisory Committee on ~~College~~ Education Savings established in this chapter.

**Sec. F-3. 20-A MRSA §11471, sub-§7**, as enacted by PL 1997, c. 732, §4, is amended to read:

**7. Higher education expenses.** "Higher education expenses" means the certified expenses for attendance at an institution of higher education as those expenses are defined by rule of the authority consistent with applicable provisions of the federal Internal Revenue Code of 1986 and its regulations addressing qualified state tuition programs. Beginning January 1, 2018, "higher education expenses" has the same meaning as "qualified higher education expenses" as de-

fined in Section 529 of the federal Internal Revenue Code of 1986 and amendments to that Code and its regulations addressing qualified state tuition programs.

**Sec. F-4. 20-A MRSA §11472**, as enacted by PL 1997, c. 732, §4, is amended to read:

**§11472. Maine Education Savings Program**

The Maine ~~College Education~~ Savings Program, referred to in this chapter as the "program," is established to encourage the investment of funds to be used for higher education expenses at institutions of higher education and, beginning January 1, 2018, and as long as permitted by provisions of Section 529 of the federal Internal Revenue Code of 1986, expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private or religious school. The authority shall administer the program and act as administrator of the program fund.

**Sec. F-5. 20-A MRSA §11477, sub-§2, ¶C**, as enacted by PL 1997, c. 732, §4, is amended to read:

C. Receipt by the beneficiary of a scholarship or educational funding, identified by rule of the authority, resulting in an excess of funds in the account not needed to pay higher education expenses at an institution of higher education.

**Sec. F-6. 20-A MRSA §11479**, as enacted by PL 1997, c. 732, §4, is amended to read:

**§11479. Tax exemption**

The assets of the program fund, all program earnings and any income from operations are exempt from all taxation by the State or any of its political subdivisions. A deposit to any account, transfer of that account to a successor participant, designation of a successor beneficiary of that account, credit of program earnings to that account or qualified distribution from that account used for the purpose of paying higher education expenses of the designated beneficiary of that account pursuant to this chapter, as long as that distribution does not exceed the limits established in Section 529 of the federal Internal Revenue Code of 1986 or rollover distributions permitted under Section 529 of the federal Internal Revenue Code of 1986, does not subject that participant, the estate of that participant or any beneficiary to any state income or estate tax liability. In the event of cancellation or termination of a participation agreement and distribution of funds to a participant, the increase in value over the amount deposited in the program fund by that participant may be taxable to that participant in the year distributed.

**Sec. F-7. 20-A MRSA §11484**, as amended by PL 2017, c. 200, §§1 and 2, is further amended to read:

**§11484. Advisory Committee on Education Savings**

The Advisory Committee on ~~College Education~~ Savings, referred to in this chapter as the "advisory committee," is created to provide advice to the authority on the operation of the program and investment of the program fund.

**1. Membership.** The advisory committee consists of 8 members as follows:

B-2. One member appointed by the Governor from the public;

C. Four members appointed by the Governor with experience in and knowledge of institutional investment of funds; and

F. Three members appointed by the chair of the board who are members of the board.

The chair of the advisory committee must be appointed annually by the chair of the board.

**2. Terms.** Members appointed by the Governor must be appointed for terms of 4 years. Members appointed by the chair of the board are appointed for terms of one year. Members may be removed for cause.

**3. Compensation.** Members of the advisory committee are compensated in accordance with Title 5, chapter 379.

**Sec. F-8. 36 MRSA §5122, sub-§2, ¶J**, as amended by PL 2003, c. 390, §33, is further amended to read:

J. To the extent included in federal adjusted gross income, any amount constituting a qualified distribution from an account established pursuant to Title 20-A, chapter 417-E ~~and used for paying higher education expenses of the designated beneficiary of that account;~~

**Sec. F-9. Maine Revised Statutes amended; revision clause.** Wherever in the Maine Revised Statutes the words "Maine College Savings Program" appear or reference is made to that program or those words, those words are amended to read or mean, as appropriate, "Maine Education Savings Program" and the Revisor of Statutes shall implement this revision when updating, publishing or republishing the statutes.

**PART G**

**Sec. G-1. 36 MRSA §4102, sub-§5**, as amended by PL 2015, c. 267, Pt. I, §1, is further amended to read:

**5. Maine exclusion amount.** For estates of decedents dying on or after January 1, 2013, but before January 1, 2016, "Maine exclusion amount" means \$2,000,000. For estates of decedents dying on or after

January 1, 2016, but before January 1, 2018, "Maine exclusion amount" means the basic exclusion amount determined for the calendar year in accordance with the Code, Section 2010(c)(3). For estates of decedents dying on or after January 1, 2018, "Maine exclusion amount" means \$5,600,000.

**Sec. G-2. 36 MRSA §4119** is enacted to read:

**§4119. Annual adjustments for inflation**

Beginning in 2018 and each year thereafter, on or about September 15th, for the estates of decedents who die during the succeeding calendar year, the assessor shall multiply the cost-of-living adjustment by the dollar amount contained in section 4102, subsection 5 applicable to estates of decedents dying on or after January 1, 2018. For the purposes of this section, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017.

**PART H**

**Sec. H-1. 36 MRSA §2536** is enacted to read:

**§2536. Employer credit for family and medical leave**

For tax years beginning on or after January 1, 2018, a person is allowed a credit against the tax otherwise due under this chapter in an amount equal to the federal employer credit for paid family and medical leave allowed to that person under the Code, Section 45S as a result of wages paid to employees based in the State during the taxable year.

The credit allowed under this section may not reduce the tax otherwise due under this chapter to less than zero. The credit may not be carried forward or carried back to any other tax year.

**Sec. H-2. 36 MRSA §5219-UU** is enacted to read:

**§5219-UU. Employer credit for family and medical leave**

For tax years beginning on or after January 1, 2018, a person is allowed a credit against the tax otherwise due under this Part in an amount equal to the federal employer credit for paid family and medical leave allowed to that person under the Code, Section 45S as a result of wages paid to employees based in the State during the taxable year.

The credit allowed under this section may not reduce the tax otherwise due under this Part to less than zero. The credit may not be carried forward or carried back to any other tax year.

**PART I**

**Sec. I-1. Appropriations and allocations.**

The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Revenue Services, Bureau of 0002**

Initiative: Provides one-time funding for computer programming changes.

GENERAL FUND	2017-18	2018-19
All Other	\$0	\$229,000
GENERAL FUND TOTAL	\$0	\$229,000

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

Effective September 12, 2018.

**CHAPTER 475**

**H.P. 1327 - L.D. 1894**

**An Act To Correct Errors and Inconsistencies in the Laws of Maine**

**Emergency preamble.** Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** acts of this and previous Legislatures have resulted in certain technical errors and inconsistencies in the laws of Maine; and

**Whereas,** these errors and inconsistencies create uncertainties and confusion in interpreting legislative intent; and

**Whereas,** it is vitally necessary that these uncertainties and this confusion be resolved in order to prevent any injustice or hardship to the citizens of Maine; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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