

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
126<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

**JOINT STANDING COMMITTEE ON TAXATION**

July 2013

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# STATE OF MAINE

126<sup>TH</sup> LEGISLATURE  
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## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contains summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 126<sup>th</sup> Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

Final action on each LD is noted to the right of the LD title. The following describes the various final actions.

*CARRIED OVER* ..... carried over to a subsequent session of the Legislature  
*CON RES XXX*..... chapter # of constitutional resolution passed by both houses  
*CONF CMTE UNABLE TO AGREE*.....Committee of Conference unable to agree; legislation died  
*DIED BETWEEN HOUSES*.....House & Senate disagreed; legislation died  
*DIED IN CONCURRENCE*.....defeated in each house, but on different motions; legislation died  
*DIED ON ADJOURNMENT*..... action incomplete when session ended; legislation died  
*EMERGENCY*..... enacted law takes effect sooner than 90 days after session adjournment  
*FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE* ..... emergency failed to receive required 2/3 vote  
*FAILED, ENACTMENT or FINAL PASSAGE*..... failed to receive final majority vote  
*FAILED, MANDATE ENACTMENT* ..... legislation proposing local mandate failed required 2/3 vote  
*HELD BY GOVERNOR*..... Governor has not signed; final disposition to be determined at subsequent session  
*LEAVE TO WITHDRAW*..... sponsor's request to withdraw legislation granted  
*NOT PROPERLY BEFORE THE BODY* ..... ruled out of order by the presiding officer; legislation died  
*INDEF PP*..... indefinitely postponed; legislation died  
*ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X*... ought-not-to-pass report accepted; legislation died  
*P&S XXX*..... chapter # of enacted private & special law  
*PUBLIC XXX*.....chapter # of enacted public Law  
*RESOLVE XXX*..... chapter # of finally passed resolve  
*VETO SUSTAINED*..... Legislature failed to override Governor's veto

The effective date for non-emergency legislation enacted in the First Regular Session of the 126<sup>th</sup> Legislature is October 9, 2013. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

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certain miscellaneous income. It also excludes from household income other income, such as nontaxable strike benefits, but only if the total of that income is less than \$5,000.

2. The bill changes the time for filing an application. For calendar year 2013 benefits, the application period is August 1, 2014 through May 31, 2015. For calendar year 2014 benefits, the application period is August 1, 2015 through November 30, 2015. For benefit periods after 2014, the application must be filed during or after January and on or before the following November 15th.

3. The bill expands eligibility under the program by increasing maximum income thresholds from \$60,000 to \$80,000 for single-member households and from \$80,000 to \$110,000 for households with 2 or more members.

4. The bill also increases the maximum benefit from \$2,000 to \$3,000.

**LD 979      An Act To Exempt the Sale of the United States Flag from the Sales Tax      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SHORT DUTREMBLE	ONTP OTP-AM	

This bill exempts sales of the United States flag made entirely of cloth from sales tax.

**Committee Amendment "A" (H-122)**

This amendment, which is the minority report, clarifies that the sales tax exemption for the United States flag applies to a flag made of cloth or similar material, but it may include grommets or noncloth fasteners for use in displaying the flag.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 980      An Act To Provide an Income Tax Credit for a Qualified Conservation Contribution      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WELSH MAZUREK	ONTP	

This bill provides a nonrefundable income tax credit in an amount equal to 50% of a qualified conservation contribution in tax years beginning on or after January 1, 2013. The credit may be carried forward for up to 25 years.

**LD 988      An Act To Amend the Tax Laws      PUBLIC 331**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL KNIGHT	OTP-AM	S-214

This bill makes the following changes to the laws governing taxation.

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1. It clarifies that in the Maine Revised Statutes, Title 36 "board" refers to the Maine Board of Tax Appeals only in certain provisions.
2. It clarifies language regarding a taxpayer's appeal rights by eliminating references to an informal conference. It also clarifies that a taxpayer is not limited to filing an appeal with the Superior Court when appealing a reconsideration decision. It makes those changes retroactive.
3. It corrects a reference to the state telecommunications excise tax under Title 36, section 187-B.
4. It deletes an obsolete reference to watercraft under Title 36, section 1760, subsection 45.
5. It amends the law applying the sales and use tax to casual sales of certain items, including automobiles, so that the tax does not apply when the purchaser is a corporation or other business entity and the seller owns 50% or more of the stock or other ownership interests of the purchaser.
6. It adds to the law governing the method of computing the amount of tax imposed on the gross direct premiums from insurance contracts a cross-reference to a recently enacted provision of law regarding taxation of nonadmitted insurance coverage.
7. It removes the requirement to modify the federal gross estate by the Maine qualified terminable interest property in order to avoid skewing the ratio that is applied to determine the Maine estate tax.
8. It amends the Maine estate tax law related to estates of decedents dying after 2012 pertaining to the filing requirement for the Maine estate tax to include Maine elective property and only gifts made within one year before death.
9. It simplifies and clarifies the statutory provisions that impose the Maine blueberry tax and associated reporting requirements.
10. It amends the provision regarding the income subtraction modification of military survivor benefit payments to clarify that the modification is limited to benefits paid on a death resulting from military service. It also adds a cross-reference to the individual income tax pension deduction law that applies to tax years beginning after 2013.
11. It repeals and replaces the provision regarding the income subtraction modification for non-Maine active duty military pay in order to clarify under what conditions the military pay is eligible for the modification.
12. It repeals the definition of a term relevant to the new markets capital investment credit that was erroneously included in the section of law governing the Maine capital investment credit and inserts that definition into the relevant provision. These changes are made retroactive to the effective date of the law enacting the new markets capital investment credit.
13. It deletes changes to the minimum tax credit made in Public Law 2011, chapter 644, section 27 that require the credit to be reduced by certain other refundable tax credits claimed by the taxpayer.

### **Committee Amendment "A" (S-214)**

This amendment adds Parts A and B to the bill and makes the contents of the bill Part C, as well as making further changes to the bill in Part C.

Part A:

1. Amends tax law regarding the issuance and renewal of resale certificates to provide the State Tax Assessor with

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greater flexibility in allowing the renewal of resale certificates;

2. Amends tax law regarding the imposition of the Maine estate tax lien to exempt real property passing to a surviving joint tenant who is also a surviving spouse of the decedent from the Maine estate tax lien and to provide a 10-year expiration period for Maine estate tax liens; and
3. Amends tax law concerning the income addition modification regarding certain estate tax administration expenses to include the new Maine estate tax law applicable to estates of decedents dying on or after January 1, 2013.

### Part B:

1. Gives taxpayers 20 days after filing a statement of appeal with the Maine Board of Tax Appeals in which to request an appeals conference. Unlike the current statutory language, which requires a conference to be requested in the statement of appeal, this gives a taxpayer who does not realize that conferences are available until after filing a statement of appeal the ability to request one within a reasonable amount of time; and
2. Provides in the exemptions provisions of the law regarding the confidentiality of tax records that the Department of Administrative and Financial Services, Bureau of Revenue Services may disclose to the Maine Board of Tax Appeals only confidential taxpayer information that is pertinent to an appeal before the board and that the board may disclose confidential taxpayer information only to the extent that it is necessary for the resolution of an appeal. The board may also publish its decisions in redacted format to provide guidance regarding Maine tax law to taxpayers and professionals while protecting the identity of the taxpayer involved in the appeal and any confidential tax information.

### Part C:

1. Adds to the bill's changes to a definition of "board," referring to the Maine Board of Tax Appeals, a reference to language added in Part B regarding confidential taxpayer information;
2. Changes the bill to take into account recently enacted law; and
3. Changes the bill to clarify that personal home care services are subject to the service provider tax as private nonmedical institution services are, aligning the language with that used in Department of Health and Human Services rules. It makes changes to the wild blueberry tax provisions to clarify which party is responsible for paying the tax and that the tax is levied on the unprocessed weight of the blueberries received by a processor.

### **Enacted Law Summary**

Public Law 2013, chapter 331 makes the following changes to the laws governing taxation.

1. It clarifies that in the Maine Revised Statutes, Title 36 "board" refers to the Maine Board of Tax Appeals only in certain provisions.
2. It clarifies language regarding a taxpayer's appeal rights by eliminating references to an informal conference. It also clarifies that a taxpayer is not limited to filing an appeal with the Superior Court when appealing a reconsideration decision. It makes these changes retroactive.
3. It corrects a reference to the state telecommunications excise tax under Title 36, section 187-B.
4. It deletes an obsolete reference to watercraft under Title 36, section 1760, subsection 45.
5. It amends the law applying the sales and use tax to casual sales of certain items, including automobiles, so that

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the tax does not apply when the purchaser is a corporation or other business entity and the seller owns 50% or more of the stock or other ownership interests of the purchaser.

6. It adds to the law governing the method of computing the amount of tax imposed on the gross direct premiums from insurance contracts a cross-reference to a recently enacted provision of law regarding taxation of nonadmitted insurance coverage.

7. It removes the requirement to modify the federal gross estate by the Maine qualified terminable interest property in order to avoid skewing the ratio that is applied to determine the Maine estate tax.

8. It amends the Maine estate tax law related to estates of decedents dying after 2012 pertaining to the filing requirement for the Maine estate tax to include Maine elective property and only gifts made within one year before death.

9. It simplifies and clarifies the statutory provisions that impose the Maine blueberry tax and associated reporting requirements.

10. It amends the provision regarding the income subtraction modification of military survivor benefit payments to clarify that the modification is limited to benefits paid on a death resulting from military service. It also adds a cross-reference to the individual income tax pension deduction law that applies to tax years beginning after 2013.

11. It repeals and replaces the provision regarding the income subtraction modification for non-Maine active duty military pay in order to clarify under what conditions the military pay is eligible for the modification.

12. It repeals the definition of a term relevant to the new markets capital investment credit that was erroneously included in the section of law governing the Maine capital investment credit and inserts that definition into the relevant provision. These changes are made retroactive to the effective date of the law enacting the new markets capital investment credit.

13. It deletes changes to the minimum tax credit made in Public Law 2011, chapter 644, section 27 that require the credit to be reduced by certain other refundable tax credits claimed by the taxpayer.

14. It provides greater flexibility in the renewal of resale certificates.

15. It provides for changes to reflect the estate tax law applicable to estates on or after January 1, 2013 and includes provisions for the automatic release of the estate tax lien.

16. It provides a mechanism for taxpayers to request an appeal conference after filing a statement of appeal and clarifies confidentiality provisions regarding the disclosure of taxpayer information to the Maine Board of Appeals by Maine Revenue Services.

17. It clarifies that the term "personal home care" has the same meaning as "private nonmedical institution" in the application of the service provided tax in order to align the language with that used in the Department of Health and Human Services rule.

18. It makes changes to the wild blueberry tax provisions to clarify which party is responsible for paying the tax and that the tax is levied on the unprocessed weight of the blueberries received by a processor.