

MAINE STATE LEGISLATURE

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STATE OF MAINE
127TH LEGISLATURE
FIRST REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

August 2015

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STATE OF MAINE

127TH 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 127th 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. An appendix provides a summary of relevant session statistics.

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

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

The effective date for non-emergency legislation enacted in the First Regular Session of the 127th Legislature is October 15, 2015. 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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LD 1383 An Act To Attract Young People to Maine by Expanding the Job Creation Through Educational Opportunity Program

Died On Adjournment

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ALFOND TIPPING-SPITZ	OTP-AM	

This bill makes the following changes to the educational opportunity tax credit for tax years beginning on or after January 1, 2016.

1. It expands eligibility to persons graduating after December, 31, 2015 from non-Maine community colleges, colleges and universities.
2. It expands the credit to cover graduate degrees.
3. It removes the requirement of Maine residency while attending school.
4. It permits coverage of refinanced and consolidated loans.

Committee Amendment "A" (S-150)

This amendment makes changes to clarify the intent of the bill and adds an appropriations and allocations section.

LD 1411 An Act To Amend the Tax Laws

PUBLIC 300

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK	OTP-AM	S-241 H-452 SHAW

Part A makes the following changes to the State's tax laws.

1. It requires qualified community development entities to notify the Department of Administrative and Financial Services, Bureau of Revenue Services when a qualified equity investment has been transferred. A transfer of the qualified equity investment affects who is eligible to claim a tax credit under the Maine New Markets Capital Investment Program in the year of the transfer and in any subsequent year.
2. It requires the Finance Authority of Maine to provide the Bureau of Revenue Services with copies of the annual reports currently required of qualified community development entities under the Maine New Markets Capital Investment Program.
3. Currently the Department of Inland Fisheries and Wildlife does not collect sales or use tax upon the registration of a snowmobile or all-terrain vehicle by a person who is not a resident of Maine. This bill repeals that provision of the law.
4. It repeals a provision allowing for the disclosure of benefit information under the Circuitbreaker Program to a representative of a municipality that has adopted a municipal property tax assistance program since no benefits are allowed under the Circuitbreaker Program for claims filed on or after August 1, 2013.

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5. It authorizes disclosure to a Pine Tree Development Zone business of otherwise confidential tax information of a contractor or subcontractor that had assigned its claim to the business for sales or use tax reimbursement.
6. It clarifies that the State Tax Assessor may require unemployment compensation returns to be filed electronically. The Bureau of Revenue Services processes these returns and associated payments for the Department of Labor.
7. It repeals an obsolete reference to the Circuitbreaker Program in the property tax abatement law.
8. It strikes an erroneous reference in the property tax abatement law to a provision that mandates that the Commissioner of Agriculture, Conservation and Forestry, and other state officers, must provide the State Tax Assessor with information necessary for the valuing of land in the unorganized territory; the mandate has no relationship to the abatement of Maine property taxes.
9. It repeals definitions of two terms that are no longer used in the sales tax law: "forest land" and "forest products".
10. It clarifies the definition of "manufacturing facility" in the sales tax law.
11. It consolidates and simplifies the list of exclusions from the definition of "sale price" under the sales tax law by repealing references to four separate fees imposed by the State and enacting a general exclusion for any charge or fee imposed by state law.
12. It simplifies the sales tax exemption for coal, oil and wood.
13. It updates language with respect to the sales tax exemption for residential child care facilities so that it is consistent with the terminology employed by the Department of Health and Human Services.
14. It clarifies that the "immediate removal" sales tax exemption with respect to certain vehicles purchased or leased by nonresidents does not apply to any motor vehicle that is being leased on a short-term basis. Under current law, the exemption does not apply to an automobile that is being leased on a short-term basis.
15. It clarifies that the "immediate removal" sales tax exemption does not apply to a camper trailer or truck camper that is being leased on a short-term basis.
16. It clarifies existing language with respect to the partial sales tax exemption for certain watercraft purchased in Maine.
17. It updates language with respect to the sales tax exemption for child care facilities so that it is consistent with the terminology employed by the Department of Health and Human Services.
18. It updates the sales tax exemption for church-affiliated residential homes to delete obsolete language regarding charters granted by the Legislature.
19. It updates the sales tax exemption for food assistance purchases to include supplemental nutrition assistance program purchases and to delete an obsolete reference to food stamps.
20. It deletes obsolete language regarding the effective date of the sales tax exemption for tree seedlings used in commercial forestry.
21. It amends the sales tax imposed on certain casual sales to clarify that the tax does not apply to a sale made to a trust when the seller is the owner of 50 percent or more of the ownership interests in the trust. This change extends to trusts the same treatment extended to corporations, partnerships, limited liability companies and limited liability partnerships under current law.

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22. It clarifies the method of calculating the sales tax on the rental or lease of an automobile for one year or more.
23. It removes gender-specific language.
24. It makes a minor change to more equitably expand the sales tax refund provision for certain items withdrawn from inventory for use in another jurisdiction.
25. It repeals an obsolete sales tax refund provision that was in effect only for certain purchases made from April 1, 2008 to September 30, 2008.
26. It clarifies that required quarterly insurance premiums tax payments are estimated payments and not payments made based on quarterly returns. An annual return is required to report the tax liability, and to reconcile estimated tax payments made, for the year.
27. It replaces the term "personal home care" in the service provider tax law with the term "personal care home" to mirror the term used in the rules of the Department of Health and Human Services.
28. It repeals the law governing the sourcing of mobile telecommunications services. Mobile telecommunications services are now sourced for state taxation purposes to the state of primary use, in conformity with the federal Mobile Telecommunications Sourcing Act, Public Law 106-252.
29. It amends the application of revenues provision in the service provider tax in order to add a reference to specify that the tax is imposed on group residential services for persons with brain injuries.
30. It clarifies that a cigarette distributor's license, like all other licenses and certificates issued by the State Tax Assessor, is not a license within the meaning of that term in the Maine Administrative Procedure Act.
31. It clarifies that a tobacco products distributor's license, like all other licenses and certificates issued by the State Tax Assessor, is not a license within the meaning of that term in the Maine Administrative Procedure Act.
32. It clarifies that the Maine net income of a unitary business is determined in the same way that it is for a taxable corporation that is not a member of a unitary business. Maine net income in both cases is calculated on the basis of federal taxable income apportionable to Maine modified by the addition and subtraction modifications provided by Title 36, section 5200-A. The clarification is a technical change and consistent with long-standing administrative procedures and practice.
33. It updates references in the statutory provision governing the subtraction modification that allows an individual who is an owner of an electing S corporation to recapture the bonus depreciation add-backs made by the business in prior years when it was treated as a C corporation for federal and Maine income tax purposes. This change reflects long-standing statutory and administrative practice.
34. It updates references to the statutory provisions governing the pension deduction in order to reflect recent law changes.
35. It clarifies that returns claiming a refundable seed capital credit must be filed the calendar year following the calendar year during which the investment was made.

Part B requires the State Tax Assessor to obtain national criminal history record information from the Federal Bureau of Investigation for any person who provides or is assigned to provide services to the Department of Administrative and Financial Services, Bureau of Revenue Services under a contract or subcontract that the assessor determines involves access or a substantial possibility of access to the bureau's information technology systems or to

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confidential taxpayer information. An individual who is assigned to provide services to the bureau pursuant to such a contract must consent to having fingerprints taken for purposes of a background check before the individual may provide such services.

This Part also brings applicants for employment with the bureau's Office of Tax Policy within the existing background check process required under the Maine Revised Statutes, Title 36, section 194-B.

Committee Amendment "A" (S-241)

This amendment adds provisions to the bill to delete certain date-limiting references in the definition of the term "financial aid package" under the income tax credit for educational opportunity laws to conform to ongoing practice in applying a credit-hours proration factor in the tax credit provisions.

The amendment removes a section of the bill that strikes a reference to the former circuitbreaker program because of the continuing relevance of the former program in the administration of the municipal property tax abatement laws.

The amendment removes from the bill proposed changes to the term "personal home care" under the service provider tax and instead strikes those words from the service provider tax laws as they do not describe any service that is not otherwise subject to the tax.

The amendment amends two service provider tax exemptions to make the same changes that the bill made for parallel sales tax exemptions for child care facilities and certain church-affiliated residential homes.

The amendment adds a cross-reference that was inadvertently omitted in language requiring the State Police to take or cause to be taken certain fingerprints.

House Amendment "A" To Committee Amendment "A" (H-452)

This amendment provides a sales and use tax exemption for snowmobiles and all-terrain vehicles purchased by a nonresident individual unless the seller is a retailer in this State.

Enacted Law Summary

Public Law 2015, chapter 300 makes the following changes to the State's tax laws.

1. It requires qualified community development entities to notify the Department of Administrative and Financial Services, Bureau of Revenue Services when a qualified equity investment has been transferred. A transfer of the qualified equity investment affects who is eligible to claim a tax credit under the Maine New Markets Capital Investment Program in the year of the transfer and in any subsequent year.
2. It requires the Finance Authority of Maine to provide the Bureau of Revenue Services with copies of the annual reports currently required of qualified community development entities under the Maine New Markets Capital Investment Program.
3. Currently the Department of Inland Fisheries and Wildlife does not collect sales or use tax upon the registration of a snowmobile or all-terrain vehicle by a person who is not a resident of Maine. This law repeals that provision.
4. It repeals a provision allowing for the disclosure of benefit information under the Circuitbreaker Program to a representative of a municipality that has adopted a municipal property tax assistance program since no benefits are allowed under the Circuitbreaker Program for claims filed on or after August 1, 2013.
5. It authorizes disclosure to a Pine Tree Development Zone business of otherwise confidential tax information of a contractor or subcontractor that had assigned its claim to the business for sales or use tax reimbursement.

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6. It clarifies that the State Tax Assessor may require unemployment compensation returns to be filed electronically. The Bureau of Revenue Services processes these returns and associated payments for the Department of Labor.
7. It strikes an erroneous reference in the property tax abatement law to a provision that mandates that the Commissioner of Agriculture, Conservation and Forestry, and other state officers, must provide the State Tax Assessor with information necessary for the valuing of land in the unorganized territory; the mandate has no relationship to the abatement of Maine property taxes.
8. It repeals definitions of two terms that are no longer used in the sales tax law: "forest land" and "forest products."
9. It clarifies the definition of "manufacturing facility" in the sales tax law.
10. It consolidates and simplifies the list of exclusions from the definition of "sale price" under the sales tax law by repealing references to four separate fees imposed by the State and enacting a general exclusion for any charge or fee imposed by state law.
11. It simplifies the sales tax exemption for coal, oil and wood.
12. It updates language with respect to the sales tax exemption for residential child care facilities so that it is consistent with the terminology employed by the Department of Health and Human Services.
13. It clarifies that the "immediate removal" sales tax exemption with respect to certain vehicles purchased or leased by nonresidents does not apply to any motor vehicle that is being leased on a short-term basis. Under current law, the exemption does not apply to an automobile that is being leased on a short-term basis.
14. It clarifies that the "immediate removal" sales tax exemption does not apply to a camper trailer or truck camper that is being leased on a short-term basis.
15. It clarifies existing language with respect to the partial sales tax exemption for certain watercraft purchased in Maine.
16. It updates language with respect to the sales tax exemption and service provider tax exemption for child care facilities so that it is consistent with the terminology employed by the Department of Health and Human Services.
17. It updates the sales tax exemption and the service provider tax exemption for church-affiliated residential homes to delete obsolete language regarding charters granted by the Legislature.
18. It updates the sales tax exemption for food assistance purchases to include supplemental nutrition assistance program purchases and to delete an obsolete reference to food stamps.
19. It deletes obsolete language regarding the effective date of the sales tax exemption for tree seedlings used in commercial forestry.
20. It amends the sales tax imposed on certain casual sales to clarify that the tax does not apply to a sale made to a trust when the seller is the owner of 50 percent or more of the ownership interests in the trust. This change extends to trusts the same treatment extended to corporations, partnerships, limited liability companies and limited liability partnerships under current law.
21. It clarifies the method of calculating the sales tax on the rental or lease of an automobile for one year or more.
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26. It removes the term "personal home care" in the service provider tax law because the term does not describe any service that is not otherwise subject to the tax.
27. It repeals the law governing the sourcing of mobile telecommunications services. Mobile telecommunications services are now sourced for state taxation purposes to the state of primary use, in conformity with the federal Mobile Telecommunications Sourcing Act, Public Law 106-252.
28. It amends the application of revenues provision in the service provider tax in order to add a reference to specify that the tax is imposed on group residential services for persons with brain injuries.
29. It clarifies that a cigarette distributor's license, like all other licenses and certificates issued by the State Tax Assessor, is not a license within the meaning of that term in the Maine Administrative Procedure Act.
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31. It clarifies that the Maine net income of a unitary business is determined in the same way that it is for a taxable corporation that is not a member of a unitary business. Maine net income in both cases is calculated on the basis of federal taxable income apportionable to Maine modified by the addition and subtraction modifications provided by Title 36, section 5200-A. The clarification is a technical change and consistent with long-standing administrative procedures and practice.
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33. It updates references to the statutory provisions governing the pension deduction in order to reflect recent law changes.
34. It clarifies that returns claiming a refundable seed capital credit must be filed the calendar year following the calendar year during which the investment was made.
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36. It brings applicants for employment with the bureau's Office of Tax Policy within the existing background check process required under the Maine Revised Statutes, Title 36, section 194-B.