

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
127<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION



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

**JOINT STANDING COMMITTEE ON TAXATION**

May 2016

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# STATE OF MAINE

127<sup>TH</sup> LEGISLATURE

SECOND REGULAR SESSION



## 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 Second Regular Session of the 127<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. 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.

*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 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 127<sup>th</sup> Legislature is July 29, 2016. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

## Joint Standing Committee on Taxation

MaineCare program resulting from the exemption of Appendix C, Private Non-Medical Institution Services from the service provider tax.

This bill was placed on the Special Appropriations Table and died on adjournment.

**LD 1551**      **An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation**

**PUBLIC 390  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK E GOODE A	OTP	

This bill makes the following changes to the Maine tax law.

1. It removes an obsolete reference to the Circuitbreaker Program and updates references to the recently enacted individual income tax rate schedules that apply to tax years beginning on or after January 1, 2017.
2. It revises, for purposes of simplification, the municipal reimbursement and state valuation calculations for the homestead property tax exemption.
3. It clarifies the application of the Maine sales tax exclusion with respect to the rental or lease of equipment associated with the provision of cable services, satellite television services and satellite radio services.
4. It eliminates, beginning with the 2016 tax year, the credits for employer-assisted day care and employer-provided long-term care benefits to bring the insurance premiums tax law in line with the elimination of the same credits in the income tax law by the biennial budget, Public Law 2015, chapter 267. Carry-over of unused credit amounts is still allowed.
5. It specifies that, in calculating the pension income deduction for tax years beginning on or after January 1, 2016, the offset is limited to social security and railroad retirement benefits, rather than also applying the offset to a taxpayer's retirement plan benefits.
6. It specifies that Maine itemized deductions are capped at \$28,350 for tax years beginning in 2015. The cap is adjusted annually for inflation for tax years beginning after 2015. It further clarifies that the annual cost-of-living adjustment is based on the most recently published Chained Consumer Price Index, which is published monthly by the United States Department of Labor, Bureau of Labor Statistics, at the time the annual cost-of-living adjustment is required to be made.

### Enacted Law Summary

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## *Joint Standing Committee on Taxation*

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6. It specifies that Maine itemized deductions are capped at \$28,350 for tax years beginning in 2015. The cap is adjusted annually for inflation for tax years beginning after 2015. It further clarifies that the annual cost-of-living adjustment is based on the most recently published Chained Consumer Price Index, which is published monthly by the United States Department of Labor, Bureau of Labor Statistics, at the time the annual cost-of-living adjustment is required to be made.

Public Law 2015, chapter 390 was enacted as an emergency measure effective March 10, 2016.

### **LD 1564      An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes**

**INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK E GOODE A	OTP-AM OTP-AM	

This bill updates the date of conformity to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986, as amended through December 31, 2015, for tax years beginning on or after January 1, 2015 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended.

#### **Committee Amendment "A" (S-351)**

This amendment, which is the majority report of the Committee and was adopted in the Senate, repeals, for taxable years beginning on or after January 1, 2016, the addition modification that decouples Maine's individual income tax law from the federal deduction for qualified tuition and related expenses under the United States Internal Revenue Code of 1986, Section 222.

This amendment decouples the Maine individual and corporate income taxes from the federal bonus depreciation deductions for taxable years beginning on or after January 1, 2015. In addition, it provides a Maine capital investment credit for taxable years beginning on or after January 1, 2015 with respect to depreciable property placed in service in Maine. The credit is equal to 9% of the amount of the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the United States Internal Revenue Code of 1986, Section 168(k) with respect to property placed in service in the State during the taxable year for taxable corporations; for individuals the credit is 8% of such amount for tax years beginning in 2015 and is 7% for tax years beginning on or after January 1, 2016.

The substance of this amendment was included in LD 1583 and enacted as Public Law 2015, chapter 388. LD 1583 is summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

#### **Committee Amendment "B" (S-352)**

This amendment is the minority report of the committee and was adopted in the House of Representatives. It provides conformity with the Internal Revenue Code of 1986 in the same manner as the Committee Amendment "A" (S-351) but only for tax years beginning in 2015 and makes the following exceptions.

This amendment decouples the Maine individual and corporate income taxes from the federal bonus depreciation