

MAINE STATE LEGISLATURE

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STATE OF MAINE
127TH 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

127TH 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 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.

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 127th 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

deductions for taxable years beginning on or after January 1, 2015. In addition, it provides a Maine capital investment credit for taxable years beginning in 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.

The amendment decouples Maine's individual and corporate income tax from the Code, Section 179 expensing deductions for tax years beginning on or after January 1, 2016. It enacts addition and subtraction modifications to reverse any increase allowed at the federal level for the first year the property is placed in service, and then to allow depreciation deductions for the remainder of the asset's life.

The amendment decouples Maine's individual income tax from the teacher expense deduction under the Code, Section 62(a)(2)(D) by requiring an addition modification in the amount of the federal deduction. The amendment disallows for Maine itemized deduction purposes the federal deduction for mortgage insurance premiums treated as qualified residence interest.

For taxable years beginning after 2017, the amendment decouples the Maine earned income tax credit from the increased federal 45% earned income tax credit rate for taxpayers with three or more qualifying children and from the higher phase-out thresholds for married individuals filing joint returns.

See also LD 1583, enacted as Public Law 2015, chapter 388. LD 1583 is summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

LD 1587 An Act Regarding the Educational Opportunity Tax Credit

**Died On
Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVIELLO T BLACK R	OTP-AM	S-397

This bill allows a resident of Maine who is employed in a position outside of Maine on a vessel at sea to qualify for the educational opportunity tax credit, which is currently available only to residents who are employed by an employer in Maine or who are deployed for military service.

Committee Amendment "A" (S-397)

This amendment incorporates a fiscal note.

This bill was placed on the Special Appropriations Table and died on adjournment. The provisions of this bill were included in LD 1657 and enacted in Public Law 2015, chapter 482.

LD 1590 An Act To Exempt from the Sales and Use Tax Sales to Certain Veterans' Organizations Funding Direct Supportive Services to Veterans and Their Families

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DEVIN M JOHNSON C	OTP-AM	

Joint Standing Committee on Taxation

This bill provides a sales tax exemption for sales to incorporated nonprofit veterans' organizations that fund a full-time position at the United States Department of Veterans Affairs hospital at Togus to provide support to veterans and their families.

Committee Amendment "A" (H-552)

This amendment, which was adopted in the House, replaces the sales tax exemption provided in the bill with a sales tax exemption to all federally chartered veterans' service organizations.

The provisions of this bill, as amended by Committee Amendment "A," were included in LD 1612, summarized under the Joint Standing Committee on Veterans and Legal Affairs and enacted in Public Law 2015, chapter 465, Part C.

LD 1613 An Act To Exclude from Sales Tax Certain Sales by Civic, Religious and Fraternal Organizations

**HELD BY
GOVERNOR**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVIELLO T WHITE D	OTP-AM	S-430 S-544 KATZ R

This bill provides an exemption from the sales and use tax for meals served by an incorporated nonprofit organization, including a regularly organized church or house of religious worship, when the proceeds of the sale of the meals are used to fund the purpose of the organization.

Committee Amendment "A" (S-430)

This amendment replaces the bill and includes within the definition of "casual sale," which is a sale that is not subject to sales tax, a transaction in connection with a meal provided by a civic, religious or fraternal organization. The amendment also removes the provision that prohibits such an organization from being exempt if it is a registered retailer.

Senate Amendment "B" To Committee Amendment "A" (S-544)

This amendment replaces the Committee Amendment and provides a sales tax exemption for sales of prepared food by a civic, religious or fraternal organization, including an auxiliary of such an organization, at a public or member-only event, except when alcoholic beverages are available for sale at the event, for up to 23 days during a calendar year.

LD 1622 An Act To Eliminate the Maine Estate Tax

**Died Between
Houses**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SEAVEY H MCCORMICK E	OTP-AM ONTP	

This bill eliminates the Maine estate tax for estates of decedents dying on or after January 1, 2017.

Committee Amendment "A" (H-567)

This amendment incorporates a fiscal note.