STATE OF MAINE

128TH LEGISLATURE

FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS

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

JOINT STANDING COMMITTEE ON TAXATION

October 2018

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STATE OF MAINE

128TH LEGISLATURE

FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS

LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contain summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Special, Second Regular and Second Special Sessions of the 128th 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 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 dates for non-emergency legislation enacted in the First Special, Second Regular or Second Special Sessions of the 128th Legislature are: Monday, February 5, 2018; Wednesday, August 1, 2018; and Thursday, December 13, 2018, respectively. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

LD 1655 **An Act To Conform to the United States Internal Revenue Code of 1986 and Provide Tax Relief to Maine Families** **PUBLIC 474 EMERGENCY**

Sponsor(s)	Committee Report	Amendments Adopted
DOW D	OTP-AM	S-477
	OTP-AM	S-496 DOW D

This bill was reported out of committee in the Second Regular Session of the 128th Legislature and then carried over to the next special session by joint order S.P. 748.

This bill, which is submitted by the Department of Administrative and Financial Services, updates references 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, 2017 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. This bill primarily affects the State's income tax laws.

Committee Amendment "A" (S-476)

This amendment, which is the majority report of the committee, replaces the bill and does the following.

Part A updates references 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

2. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the credits in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit.

3. It increases the maximum credit under the property tax fairness credit from $900 to $1,000 for an individual who is 65 years of age or older and from $600 to $750 for other individuals and provides a minimum credit of $400 for persons who are 65 years of age or older with income that does not exceed $20,000.

4. It establishes a new credit equal to $600 for married persons filing jointly and $300 for other filing statuses.

5. It establishes a new tax credit equal to $300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the taxation of business income of both individual and corporate taxpayers.

1. It repeals Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It does not conform to new federal treatment of bonus depreciation. It maintains Maine's current law requiring the addback federal bonus depreciation and retains the compensating Maine capital investment credit through 2019 as provided under current Maine law.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It amends the corporate alternative minimum tax for tax years beginning after December 31, 2017 to provide that the tax is based on the Internal Revenue Code and amendments to the Code on December 31, 2016.

5. It maintains the addback of bonus depreciation as expanded under the federal Tax Cuts and Jobs Act of 2017. It retains the application of the Maine capital investment credit for bonus depreciation addbacks at the same level as under current law and does not conform the credit to expansions of bonus depreciation under the federal Tax Cuts and Jobs Act of 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years beginning on or after January 1, 2018.

Part E retains the Maine exclusion amount under the estate tax at the amount in effect for deaths prior to January 1, 2018 and does not conform to the increases in the federal basic exclusion amount.

Part F maintains the deductibility of distributions from the Internal Revenue Code, Section 529 college savings accounts by not conforming to the federal expansions that allows a deduction for distributions of funds to be used for elementary and secondary public, private or religious schools.

Part G provides a credit under the income tax and the insurance premium tax equal to the federal credit for employer-paid family and medical leave. The federal credit expires December 31, 2019.

Part H increases the earned income tax credit from 5% to 15% of the federal earned income tax credit for tax years beginning on or after January 1, 2018.

Part I adds an appropriations and allocations section.

Committee Amendment "B" (S-477)

This amendment, which is the minority report of the committee, replaces the bill and does the following.

Part A updates references 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. It reduces the individual income tax for tax years beginning on or after January 1, 2018 by eliminating the tax on taxable income up to $4,150 for single individuals and head of household filers and up to $8,300 for individuals filing married joint returns or surviving spouses permitted to file a joint return.

2. For tax years beginning on or after January 1, 2018, it changes the Maine standard deduction to conform to the federal standard deduction and increases the amount at which the standard deduction begins to phase out.

3. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

4. For tax years beginning on or after January 1, 2018, it increases the amount at which the Maine itemized deduction begins to phase out.

5. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the programs in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit beginning in 2019.

6. It establishes a new tax credit equal to $500 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the taxation of business income of both individual and corporate taxpayers.

1. It repeals Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It repeals the addition modifications that reverse, for Maine tax purposes, the effects of the federal bonus depreciation deduction and repeals the related Maine capital investment tax credit. Both changes apply to tax years beginning on or after January 1, 2018.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It eliminates the corporate alternative minimum tax for tax years beginning after December 31, 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income, as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years beginning on or after January 1, 2018.

Part E reduces corporate income tax rates beginning in 2020. The current rate structure for taxable corporations consists of 3.5%, 7.93%, 8.33% and 8.93% taxable income brackets. The rate structure for tax years beginning after December 31, 2019 consists of 3.5%, 7.93% and 8.33% taxable income brackets.

Part F amends the Maine College Savings Program to change the name to the Maine Education Savings Program and, as a result of recent federal changes to the Internal Revenue Code, Section 529, qualified tuition programs, extends the ability to use the program for enrollment or attendance expenses at an elementary or secondary public, private or religious school and to receive favorable federal tax treatment on the earnings portions of such disbursements. Part F provides for changes to the Maine Revised Statutes to reflect the change to the name of the program. Part F also conforms the program's state tax treatment of such disbursements to federal law.

Part G provides funding for computer programming changes needed as a result of the changes made in this amendment.

Senate Amendment "A" To Committee Amendment "B" (S-496)

This amendment replaces Committee Amendment "B" except for the substitute title and does the following.

Part A updates references 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. For tax years beginning on or after January 1, 2018, it changes the Maine standard deduction to conform to the federal standard deduction and increases the amount at which the standard deduction begins to phase out.

2. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

3. For tax years beginning on or after January 1, 2018, it increases the amount at which the Maine itemized deduction begins to phase out.

4. For tax years beginning on or after January 1, 2018, the amendment establishes a Maine personal exemption deduction amount equal to $4,150 that may be claimed by a taxpayer and the taxpayer's spouse if the taxpayer is married filing a joint return. The personal exemption deduction amount is subject to phase-out for higher-income taxpayers. The personal exemption amount and phase-out thresholds are subject to an annual inflation adjustment. The personal exemption deduction may not be claimed for a taxpayer or a taxpayer's spouse who is claimed as a dependent on another taxpayer's return.

5. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the programs in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit beginning in 2019. Finally, it increases the property tax fairness credit to 100% of the benefit base above 6% of the resident individual's income and increases the credit cap to $750 for individuals and $1,200 for individuals over 65 years of age.

6. It establishes a new tax credit equal to $300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the individual and corporate income taxes.

1. It eliminates Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It enacts modifications that reverse, for Maine tax purposes, the effects of the new federal limitation on the net operating loss deduction.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It eliminates the application of the alternative minimum tax to corporate income for tax years beginning after December 31, 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income, as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years beginning on or after January 1, 2018.

Part E expands the corporate income tax brackets beginning in 2018. The current rate structure for taxable corporations consists of 3.5% on income not over $25,000, 7.93% on income not over $75,000, 8.33% on income not over $250,000 and 8.93% on income of $250,000 or more. The rate structure for tax years beginning after December 31, 2017 consists of 3.5% on income not over $350,000, 7.93% on income not over $1,050,000, 8.33% on income not over $3,500,000 and 8.93% on income of $3,500,000 or more.

Part F amends the Maine College Savings Program to change the name to the Maine Education Savings Program and, as a result of recent federal changes to the Internal Revenue Code, Section 529, qualified tuition programs, extends the ability to use the program for enrollment or attendance expenses at an elementary or secondary public, private or religious school and to receive favorable federal tax treatment on the earnings portions of such disbursements. Part F provides for changes to the Maine Revised Statutes to reflect the change to the name of the program. Part F also conforms the program's state tax treatment of such disbursements to federal law.

Part G retains the Maine exclusion amount under the estate tax at the amount in effect for deaths prior to January 1, 2018, subject to an annual inflation adjustment, and does not conform to the increases in the federal basic exclusion amount.

Part H provides a credit under the income tax and the insurance premium tax equal to the federal credit for employer-paid family and medical leave. The federal credit expires December 31, 2019.

Part I provides funding for computer programming changes needed as a result of the changes made in this amendment.

Enacted Law Summary

Public Law 2017, chapter 474 made changes to Maine's tax laws to conform them to changes made to the Internal Revenue Code at the federal level.

Part A updates references 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. For tax years beginning on or after January 1, 2018, it changes the Maine standard deduction to conform to the federal standard deduction and increases the amount at which the standard deduction begins to phase out.

2. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

3. For tax years beginning on or after January 1, 2018, it increases the amount at which the Maine itemized deduction begins to phase out.

4. For tax years beginning on or after January 1, 2018, the amendment establishes a Maine personal exemption deduction amount equal to $4,150 that may be claimed by a taxpayer and the taxpayer's spouse if the taxpayer is married filing a joint return. The personal exemption deduction amount is subject to phase-out for higher-income taxpayers. The personal exemption amount and phase-out thresholds are subject to an annual inflation adjustment. The personal exemption deduction may not be claimed for a taxpayer or a taxpayer's spouse who is claimed as a dependent on another taxpayer's return.

5. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the programs in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit beginning in 2019. Finally, it increases the property tax fairness credit to 100% of the benefit base above 6% of the

resident individual's income and increases the credit cap to $750 for individuals and $1,200 for individuals over 65 years of age.

6. It establishes a new tax credit equal to $300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the individual and corporate income taxes.

1. It eliminates Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It enacts modifications that reverse, for Maine tax purposes, the effects of the new federal limitation on the net operating loss deduction.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It eliminates the application of the alternative minimum tax to corporate income for tax years beginning after December 31, 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income, as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision

applies to tax years beginning on or after January 1, 2018.

Part E expands the corporate income tax brackets beginning in 2018. The current rate structure for taxable corporations consists of 3.5% on income not over $25,000, 7.93% on income not over $75,000, 8.33% on income not over $250,000 and 8.93% on income of $250,000 or more. The rate structure for tax years beginning after December 31, 2017 consists of 3.5% on income not over $350,000, 7.93% on income not over $1,050,000, 8.33% on income not over $3,500,000 and 8.93% on income of $3,500,000 or more.

Part F amends the Maine College Savings Program to change the name to the Maine Education Savings Program and, as a result of recent federal changes to the Internal Revenue Code, Section 529, qualified tuition programs, extends the ability to use the program for enrollment or attendance expenses at an elementary or secondary public, private or religious school and to receive favorable federal tax treatment on the earnings portions of such disbursements. Part F provides for changes to the Maine Revised Statutes to reflect the change to the name of the program. Part F also conforms the program's state tax treatment of such disbursements to federal law.

Part G retains the Maine exclusion amount under the estate tax at the amount in effect for deaths prior to January 1, 2018, subject to an annual inflation adjustment, and does not conform to the increases in the federal basic exclusion amount.

Part H provides a credit under the income tax and the insurance premium tax equal to the federal credit for employer-paid family and medical leave. The federal credit expires December 31, 2019.

Part I provides funding for computer programming changes required to implement changes made in the law.

Public Law 2017, chapter 474 was enacted as an emergency measure effective September 12, 2018.

LD 1660 **Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory** **RESOLVE 36**

Sponsor(s)	Committee Report	Amendments Adopted
HILLIARD G	OTP-AM	H-655

This resolve, which was submitted by the Department of Administrative and Financial Services, authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired by the State due to nonpayment of property taxes.

Committee Amendment "A" (H-655)

This amendment corrects the property tax amounts due on two parcels of property in the Unorganized Territory.

Enacted Law Summary

Resolve 2017, chapter 36 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired by the State due to nonpayment of property taxes.

LD 1669 **An Act Regarding Levies Placed on Accounts at Financial Institutions for Unpaid State Income Taxes** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
FECTEAU R	ONTP	