

MAINE STATE LEGISLATURE

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STATE OF MAINE
129TH LEGISLATURE
FIRST REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

August 2019

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STAFF:

JULIE JONES, SENIOR LEGISLATIVE ANALYST
OFFICE OF FISCAL AND PROGRAM REVIEW
5 STATE HOUSE STATION
AUGUSTA, ME 04333-0005
(207) 287-1635
<http://legislature.maine.gov/ofpr>

*Committee member for a portion of the session

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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 129th 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 date for non-emergency legislation enacted in the First Regular Session of the 129th Legislature is Thursday, September 19, 2019. 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

LD 1019 An Act To Increase the Maximum Pension Deduction for State Income Tax

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KEIM L	OTP-AM	S-230

This bill eliminates double taxation of certain employee contributions to retirement benefit plans made in other states by exempting from Maine income tax the portion of retirement benefits attributable to the taxpayer's contribution to an employee retirement plan or an individual retirement account that was taxed by another jurisdiction if those benefits are included in federal adjusted gross income.

Committee Amendment "A" (S-230)

This amendment increases the maximum annual income tax pension deduction amount for nonmilitary retirement pensions from \$10,000 to \$35,000 over a five-year period beginning with the 2019 tax year. The \$35,000 pension deduction amount that applies after the 2023 tax year is subject to an annual inflation adjustment.

See also LD 561.

This bill was reported out of committee and then carried over to any special or regular session, or both, of the 129th Legislature on the Special Appropriations Table by joint order, H.P. 1322.

LD 1028 An Act To Prevent and Reduce Tobacco Use with Adequate Funding and by Equalizing the Taxes on Tobacco Products and To Improve Public Health

PUBLIC 530

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCREIGHT J	OTP-AM	H-622
CHIPMAN B	ONTP	H-656 TIPPING R

This bill increases the cigarette tax from \$2.00 to \$3.50 per pack of 20 cigarettes and increases the tax on all other tobacco products including electronic cigarettes to 81% of the wholesale sales price, beginning November 1, 2019.

The bill provides that, if the tax on cigarettes is increased on or after November 1, 2019, the tax on all other tobacco products will be adjusted by a rate that is equivalent to the percentage change in the tax rate for one cigarette.

The bill provides ongoing funding, \$11,100,000 per year, to the Department of Health and Human Services, Maine Center for Disease Control and Prevention for tobacco use prevention and cessation in order to align with the United States Department of Health and Human Services, Centers for Disease Control and Prevention recommendations. The bill also provides \$1,000,000 in fiscal year 2019-20 and \$750,000 thereafter for MaineCare members for tobacco use cessation medications and counseling. Finally, the bill provides \$250,000 per year in ongoing funding to the Attorney General's office for increased tobacco enforcement activities.

Committee Amendment "A" (H-622)

This amendment, which is the majority report of the committee, strikes the bill and instead increases the tax on tobacco products, other than cigarettes, to 43% of the wholesale sales price, beginning January 2, 2020, and includes electronic smoking devices and liquids used in electronic smoking devices in the definition of "tobacco products." The amendment provides that, if the tax on cigarettes is increased after January 2, 2020, the tax on smokeless tobacco and other tobacco products will be adjusted by a rate that is equivalent to the percentage change in the tax rate for one cigarette.

Joint Standing Committee on Taxation

The amendment provides ongoing funding of \$5,100,000 in each year of the biennium to the Department of Health and Human Services, Maine Center for Disease Control and Prevention for tobacco use prevention and cessation in order to align with the United States Department of Health and Human Services, Centers for Disease Control and Prevention recommendations. The bill also provides \$1,000,000 in fiscal year 2019-20 and \$750,000 in fiscal year 2020-21 for tobacco use cessation medications and counseling for MaineCare members.

House Amendment "A" To Committee Amendment "A" (H-656)

This amendment reduces appropriations for tobacco use prevention and cessation and adds provisions increasing reimbursement for certain services under the MaineCare program, providing an income tax deduction for student loan payments made by a taxpayer's employer directly to a lender on behalf of a qualified health care employee and transferring Hospital Tax Other Special Revenue Funds in the Department of Health and Human Services to the unappropriated surplus of the General Fund.

Enacted Law Summary

Public Law 2019, chapter 530 increases the tax on tobacco products, other than cigarettes, to 43% of the wholesale sales price, beginning January 2, 2020, and includes electronic smoking devices and liquids used in electronic smoking devices in the definition of "tobacco products." The law provides that, if the tax on cigarettes is increased after January 2, 2020, the tax on smokeless tobacco and other tobacco products will be adjusted by a rate that is equivalent to the percentage change in the tax rate for one cigarette.

This law provides ongoing funding in each year of the biennium to the Department of Health and Human Services, Maine Center for Disease Control and Prevention for tobacco use prevention and cessation in order to align with the United States Department of Health and Human Services, Centers for Disease Control and Prevention recommendations. The law also provides funding for tobacco use cessation medications and counseling for MaineCare members.

The law increases reimbursement for certain services under the MaineCare program, provides an income tax deduction for student loan payments made by a taxpayer's employer directly to a lender on behalf of a qualified health care employee and transfers Hospital Tax Other Special Revenue Funds in the Department of Health and Human Services to the unappropriated surplus of the General Fund.

LD 1031 An Act To Base the Vehicle and Mobile Home Excise Tax on Actual Value

ONTP

Sponsor(s)

ORDWAY L
DAVIS P

Committee Report

ONTP

Amendments Adopted

This bill requires that the excise tax for all motor vehicles, mobile homes and camper trailers be based upon the actual value of the vehicle or mobile home at the time of delivery to the owner, as determined by sources approved by the State Tax Assessor rather than the maker's list price required under current law.

The bill requires the State to reimburse a municipality for the difference between the amount of excise tax that would be collected by the municipality on all vehicles registered and taxed by the municipality using the actual value and the amount of tax that would be collected using maker's list price.

See also LD 119.