

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
129<sup>TH</sup> 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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# STATE OF MAINE

129<sup>TH</sup> 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 129<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 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 129<sup>th</sup> 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*

Maine Residents Property Tax Program, referred to as "the circuitbreaker program," which was in effect prior to enactment of the property tax fairness credit.

### **Committee Amendment "A" (H-382)**

This amendment changes "calendar year" to "tax year" in the definition of "household income" and clarifies that the income factor for the calculation proposed in the bill of the property tax fairness credit is household income. This amendment also adds an appropriations and allocations section.

See also LDs 393, 669, 887 and 957.

Part H of the biennial budget, PL 2019, chapter 343, changes the formula for calculation of the property tax fairness credit to expand the credit to residents whose property taxes or rent constituting property taxes on homestead property exceeds 5%, rather than 6% in current law, of the residents' income for tax years beginning on or after January 1, 2020.

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 1163 An Act Regarding Energy, Utilities and Technology**

**CARRIED OVER**

| <u>Sponsor(s)</u> | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|-------------------|-------------------------|---------------------------|
| LAWRENCE M        |                         |                           |

This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to amend the laws regarding energy, utilities and technology.

This bill was rereferred to the Taxation Committee by the Joint Standing Committee on Energy, Utilities and Technology with a recommended draft of an income tax credit for investments in qualified high-speed internet projects.

This bill was carried over to any special or regular session, or both, of the 129th Legislature by joint order, H.P. 1322.

### **LD 1164 An Act To Improve the Educational Opportunity Tax Credit**

**CARRIED OVER**

| <u>Sponsor(s)</u>      | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|------------------------|-------------------------|---------------------------|
| POULIOT M<br>TIPPING R | OTP-AM                  | S-229                     |

This bill makes the current income tax credit for educational opportunity inapplicable to tax years beginning on or after January 1, 2020, and creates a new simplified tax credit for student loan repayment applicable to tax years beginning on or after January 1, 2020. The new credit contains the following provisions.

1. A qualified individual must be a full-year Maine resident who has obtained an associate, bachelor's or graduate degree from an accredited Maine or non-Maine community college, college or university after 2007 and who works at least part time in Maine or on a vessel at sea or is deployed for military service in the United States Armed Forces during the taxable year.
2. Loans obtained from related persons, such as family members and certain businesses, trusts and exempt

## *Joint Standing Committee on Taxation*

organizations, do not qualify for the credit.

3. The credit may not reduce the tax due to less than zero.
4. The credit for qualified individuals is the lesser of the amount paid on eligible education loans during the taxable year and 15% of the outstanding eligible education loan debt on the date the first education loan payment is made after a degree is earned.
5. The credit for employers is the lesser of the amount paid by an employer on behalf of a qualified employee during the taxable year during the term of employment and 20% of the outstanding eligible education loan debt on the date the first education loan payment is made after December 31, 2019.
6. The credit is available to the spouse of an individual eligible for a credit even if the spouse is not employed.
7. Income tax deductions are provided for student loan payments made directly to a lender by an employer on behalf of a qualified employee and payments made directly to a lender on behalf of a taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State.
8. The annual credit may include loan amounts paid in excess of the amount due during a taxable year. The amendment also provides that credits in excess of those that may be used during a taxable year may be carried over for the next succeeding five years.

### **Committee Amendment "A" (S-229)**

This amendment removes the requirement that a taxpayer's degree was received after 2007 to receive a credit for student loan repayment and provides that taxpayers who were eligible for a refundable credit under the credit for educational opportunity may continue to receive a refundable credit for tax years beginning before January 1, 2022. The amendment also increases from \$50,000 per year to \$75,000 per year the funds provided to market the Job Creation Through Educational Opportunity Program.

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.

|                |   |             |
|----------------|---|-------------|
| <b>LD 1172</b> | <b>An Act To Provide Direct Property Tax Relief to Homeowners by Increasing the Homestead Exemption</b> | <b>ONTP</b> |
|----------------|---|-------------|

| <u>Sponsor(s)</u>   | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|---------------------|-------------------------|---------------------------|
| LIBBY N<br>GIDEON S | ONTP                    |                           |

This bill increases the total exemption amount under the Maine resident homestead property tax exemption program from the current \$20,000 to \$30,000 for the property tax year beginning April 1, 2020 and to \$40,000 for property tax years beginning on or after April 1, 2021. This bill also increases the reimbursement rate by the State for the revenue lost by a municipality due to the exemption from 62.5% to 75%, beginning with the 2020-2021 property tax year.

Part H of the biennial budget, PL 2019, c. 343 increased the homestead exemption from \$20,000 to \$25,000 and state reimbursement to municipalities from 62.5% to 70%.

See also LDs 35, 77, 164, 837, 1234 and 1448.