

MAINE STATE LEGISLATURE

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STATE OF MAINE
129TH LEGISLATURE
FIRST SPECIAL AND SECOND REGULAR SESSIONS



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

JOINT STANDING COMMITTEE ON TAXATION

November 2020

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STATE OF MAINE

129TH LEGISLATURE
FIRST 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 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 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 TIPPING R	OTP-AM	S-229

This bill was carried over on the Special Appropriations Table from the First Regular Session of the 129th Legislature by joint order, H.P. 1322.

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 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.

Joint Standing Committee on Taxation

This bill was again carried over, still on the Special Appropriations Table, to any special session of the 129th Legislature by joint order, S.P. 788.

LD 1194 An Act To Increase Property Tax Relief for Veterans

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T NADEAUC	OTP-AM	S-136

This bill was carried over on the Special Appropriations Table from the First Regular Session of the 129th Legislature by joint order, H.P. 1322.

This bill increases the property tax exemption beginning on or after April 1, 2020, from \$6,000 to \$10,000 of the just value of a home of a veteran who served in the Armed Forces of the United States during specified periods or who is receiving compensation from the United States Government for total, service-connected disability.

Committee Amendment "A" (S-136)

This amendment increases to \$10,000 the property tax exemption for all categories of eligible veterans other than those receiving a \$50,000 exemption for specially adapted housing units and who are paraplegic veterans. It also expands the dates of federally recognized war periods to include February 1, 1955 to February 27, 1961. State reimbursement is provided for 100% of the property tax revenue loss to municipalities as a result of the increase and expansion of exemptions. The amendment also adds an appropriations and allocations section.

See also LD 163 and 1024.

This bill was again carried over, still on the Special Appropriations Table, to any special session of the 129th Legislature by joint order, S.P. 788.

LD 1200 An Act To Amend the Maine Seed Capital Tax Credit Program

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POULIOT M GIDEON S	OTP-AM	S-169

This bill was carried over on the Special Appropriations Table from the First Regular Session of the 129th Legislature by joint order, H.P. 1322.

This bill amends the Maine Seed Capital Tax Credit Program by:

1. Reducing from 50% to 40% the maximum credit available to individual investors and private venture capital funds for investments made after April 1, 2019;
2. Requiring that eligible exporting businesses retain in Maine a majority of their employees;
3. Reducing from \$5,000,000 to \$3,500,000 the total aggregate investment eligible for tax credits for any one business;
4. Limiting to \$2,000,000 the total aggregate investment eligible for any one business in any calendar year; and