

# 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.

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tangible personal property and taxable services subject to the sales and use tax are subject to the same sales and use tax collection and remittance responsibilities as other sellers.

The law makes the following changes.

1. It enacts definitions and other provisions to require a marketplace facilitator to collect and remit the sales tax on sales of tangible personal property and taxable services facilitated on the marketplace facilitator's marketplace that are delivered into the State.
2. It consolidates the sales tax registration provisions by repealing the recently enacted Maine Revised Statutes, Title 36, section 1951-B and reformatting the provision of law requiring certain persons to register with the State Tax Assessor and collect and remit taxes, including the remote seller registration requirements in the new provision, harmonizing the merged provisions and removing obsolete language.
3. It makes technical changes to sales tax registration and administration provisions to facilitate the application of the sales tax law to marketplace facilitators.
4. It adjusts the use tax calculation used on the income tax return to report unpaid use tax, lowering the default amount from .08% to .04% of Maine adjusted gross income to account for the increased tax collected by remote sellers and marketplace facilitators.

### LD 1491 Resolve, To Study Consolidation of Payment of Cost-of-living Tax Credits

RESOLVE 74

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TERRY M VITELLI E	OTP-AM	H-509

This bill replaces the Maine earned income credit under the income tax with the Maine work credit. The Maine work credit is similar to the federal earned income tax credit but uses different factors for calculating the credit that are intended to produce a state credit for individuals with qualifying children that is approximately equal to 30% of the federal credit and for individuals with no qualifying children that is approximately equal to 100% of the federal credit. The bill also provides eligibility for individuals who are at least 18 years of age but less than 25 years of age who have no qualifying children and creates a minimum credit for students and eligible caregivers.

The bill also establishes a working group to study ways to streamline applications for tax credits intended to assist low to middle income taxpayers with the cost of basic necessities and to permit administration of those credits as advance consolidated payments.

#### Committee Amendment "A" (H-509)

This amendment strikes the bill and replaces it with a resolve that retains the provision of the bill that establishes a working group to study and report on ways to streamline applications for tax credits intended to assist low to middle income taxpayers with the cost of basic necessities and to permit administration of those credits as advance consolidated payments.

See also LD 104.

#### Enacted Law Summary

Resolve 2019, chapter 74, establishes a working group appointed by the Associate Commissioner of Tax Policy in the Department of Administrative and Financial Services, bureau of Revenue Services, to study ways to streamline applications for tax credits intended to assist low to middle income taxpayers with the cost of basic necessities and

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to permit administration of those credits as advance consolidated payments. The working group reports to the Joint Standing Committee on Taxation and the Joint Standing Committee on Appropriations and Financial Affairs by February 1, 2020 and the two committees are authorized to submit related bills to the Second Regular Session of the 129th Legislature.

**LD 1520     An Act To Create and Sustain Jobs and Encourage Affordable Housing  
                  through Development of Cooperatives and Employee-owned Businesses**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LIBBY N DAUGHTRY M	OTP-AM	S-260

This bill supports employee-owned businesses and cooperatives in the following ways.

1. It excludes from Maine income tax the amount of gain, up to a maximum of \$750,000 recognized by a business owner in transferring the business to an employee stock ownership plan, eligible worker-owned cooperative, consumer cooperative or affordable housing cooperative.
2. It excludes from Maine income tax interest from loans that finance transfers of ownership from a business to an employee stock ownership plan, eligible worker-owned cooperative, consumer cooperative or affordable housing cooperative.
3. It requires the Department of Economic and Community Development, Office of Business Development to encourage and assist employee-owned businesses by requiring the office to: develop educational programs, including convening an annual conference on employee ownership issues; provide information about employee ownership and technical assistance to retiring business owners, employees of plants threatened with closure and entrepreneurs interested in creating businesses with broadly shared ownership; link Maine businesses interested in implementing employee ownership to available financial, technical and legal resources; and help businesses interested in implementing some form of employee ownership to obtain financing, as well as undertake other duties.
4. It requires the Commissioner of Economic and Community Development to give priority to employee-owned businesses, either established or in the process of becoming employee-owned, when providing loans or grants from funds or programs maintained by the department.
5. It requires the Maine Public Employees Retirement System to conduct a study to determine how funds held by the system may be invested responsibly in employee-owned businesses in this State and to report its findings to the Joint Standing Committee on Innovation, Development, Economic Advancement and Business, which is authorized to report out a bill to the Second Regular Session of the 129th Legislature based on the study and recommendations of the system.

**Committee Amendment "A" (S-260)**

This amendment requires the Department of Economic and Community Development, Office of Business Development to contract with a nonprofit development organization with relevant expertise to develop and manage the Maine Employee Ownership Center to provide information and programs to assist businesses in the transition to employee or cooperative ownership, rather than requiring the office to provide those services.

The amendment removes requirements that the Department of Administrative and Financial Services, Maine Revenue Services collect specified data and report annually to the Office of Program Evaluation and Government Accountability and that the Maine Public Employees Retirement System study investment of funds in employee-owned businesses.

The amendment also makes changes to facilitate the administration and evaluation of the deductions provided in the