

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)

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

**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>

**MEMBERS:**

SEN. BENJAMIN M. CHIPMAN, CHAIR  
SEN. HEATHER B. SANBORN  
SEN. MATTHEW G. POULIOT

REP. RYAN TIPPING, CHAIR  
REP. STEPHEN S. STANLEY  
REP. MAUREEN FITZGERALD TERRY  
REP. KRISTEN SARAH CLOUTIER  
REP. DIANE M. DENK  
REP. ANN HIGGINS MATLACK  
REP. DONALD G. MAREAN  
REP. BRUCE A. BICKFORD  
REP. THEODORE JOSEPH KRYZAK, JR.

# STATE OF MAINE

129<sup>TH</sup> 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 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

### LD 1645 An Act To Create Affordable Workforce and Senior Housing and Preserve Affordable Rural Housing

PUBLIC 555

| <u>Sponsor(s)</u>    | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|----------------------|-------------------------|---------------------------|
| FECTEAUR<br>POULIOTM | OTP-AM                  | S-374 BREEN C             |

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

This bill creates a refundable income tax credit allocated by the Maine State Housing Authority for affordable housing projects. The credit is equal to 100% of the federal credit for a qualified Maine project or 50% of \$100,000 or more of qualified basis of an affordable housing project for which a federal credit is not claimed up to \$500,000. The Maine State Housing Authority may allocate up to \$20,000,000 in credits each year 2021 to 2024. Ten percent of the credit must be set aside for the preservation of affordable housing units that are constructed with financial assistance from the United States Department of Agriculture, Office of Rural Development, Rural Housing Service and at risk of losing their affordable status. In addition, 30% of the credit allocated to new housing units is targeted for seniors and 20% is targeted for rural areas. The credit is subject to reporting requirements and a process for tax expenditure review by the Office of Program Evaluation and Government Accountability.

#### Committee Amendment "A" (H-481)

This amendment, which was adopted during the First Regular Session, makes several changes to the procedure for administration of the credit for affordable housing to appropriately reflect the most effective responsibilities of the Maine State Housing Authority and the Department of Administrative and Financial Services, Maine Revenue Services and requires the authority to adopt routine technical rules necessary for administration of the credit. The amendment also removes the date for a report by the Office of Program Evaluation and Government Accountability.

#### Senate Amendment "A" (S-374)

This amendment was adopted during the Second Regular Session to replace Committee Amendment "A" which was indefinitely postponed. This amendment incorporates the substance of the bill, as amended by Committee Amendment "A", and makes the following changes:

1. It extends the length of time the credit is available by four years until December 31, 2028;
2. It reduces the total allocation from \$20,000,000 to \$10,000,000;
3. It reduces the amount of the total allocation, including amounts carried forward from prior calendar years, from \$25,000,000 to \$15,000,000;
4. It requires that, in allocating the credit for the construction or adaptive reuse of buildings for new rental units, the Maine State Housing Authority require or provide incentives to encourage that occupancy preference, for a defined number of units, be given to persons who qualify for supportive housing; and
5. It updates the statutory sections to reflect changes in the law that were enacted in the First Regular Session of the 129th Legislature.

#### Enacted Law Summary

Public Law 2019, chapter 555 creates a refundable income tax credit allocated by the Maine State Housing Authority for affordable housing projects. The credit is equal to 100% of the federal credit for a qualified Maine

## *Joint Standing Committee on Taxation*

project or 50% of \$100,000 or more of qualified basis of an affordable housing project for which a federal credit is not claimed up to \$500,000. The Maine State Housing Authority may allocate up to \$10,000,000 in credits each year 2021 to 2028. Ten percent of the credit must be set aside for the preservation of affordable housing units that are constructed with financial assistance from the United States Department of Agriculture, Office of Rural Development, Rural Housing Service and at risk of losing their affordable status. In allocating the credit for the construction or adaptive reuse of buildings for new rental units, the Maine State Housing Authority must require or provide incentives to encourage that occupancy preference, for a defined number of units, be given to persons who qualify for supportive housing. In addition, 30% of the credit allocated to new housing units is targeted for seniors and 20% is targeted for rural areas. The credit is subject to reporting requirements and a process for tax expenditure review by the Office of Program Evaluation and Government Accountability.

**LD 1647    An Act To Provide Tax Fairness to Maine's Middle Class and Working Families**

**ONTP**

| <u>Sponsor(s)</u>    | <u>Committee Report</u> | <u>Amendments Adopted</u> |
|----------------------|-------------------------|---------------------------|
| BERRY S<br>CHIPMAN B | ONTP                    |                           |

This bill was carried over in committee from the First Regular Session of the 129th Legislature by joint order, H.P. 1322.

This bill, for tax years beginning on or after January 1, 2020, requires payment of a tax equalization assessment if a tax family has an expanded income of at least \$250,000 for a tax family filing as a single individual, \$325,000 for a tax family filing as a head of a household or \$400,000 for a tax family filing a married joint return or filing a joint return as a surviving spouse, and an effective tax rate that is less than the average effective tax rate on state and local taxes paid by the bottom 99% of tax families. The tax equalization assessment is an amount equal to the difference in the average effective tax rate on state and local taxes paid, calculated by decile, and a tax family's individual effective tax rate on state and local taxes paid, the sum of which is multiplied by a tax family's expanded income.

This bill also provides the following tax benefits.

1. For property tax years beginning on or after April 1, 2020, the bill increases the total amount of the Maine resident homestead property tax exemption by \$5,000 to \$25,000 of the just value of the homestead.
2. For income tax years beginning on or after January 1, 2020, this bill increases the earned income tax credit from 5% of the federal earned income tax credit to 10% of the federal earned income tax credit.
3. For income tax years beginning on or after January 1, 2019, this bill expands benefits under the property tax fairness credit by reducing from 6% to 5% the eligibility threshold percentage of property taxes, or rent constituting property taxes, compared to household income.