

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

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>

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*Committee member for a portion of the session

STATE OF MAINE

129TH 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 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 1817 An Act To Make Technical Changes to the Maine Tax Laws

PUBLIC 379

Sponsor(s)

TIPPING R

Committee Report

OTP

Amendments Adopted

This bill makes a number of technical changes to the Maine tax laws.

Part A:

1. Makes clerical corrections to outdated language and gender references;
2. Adds a cross-reference to the Maine Revised Statutes, Title 36, chapter 105 and corrects a headnote;
3. Corrects a mathematical error in which 4% was used instead of four percentage points;
4. Clarifies the use of the related terms "eligible business equipment" and "qualified property" and amends the definition of "eligible business equipment";
5. Corrects a reference to the preceding tax year;
6. Eliminates the penalty for transfer of land from farmland to timberland to match current practice and all other transfers between current use programs; and
7. Corrects the time period used for determining when cogeneration facility property is eligible for reimbursement to include the most current available cogeneration data.

Part B:

1. Removes the definitions of "storage" and "storage or use" and expands the definition of "use" to improve the clarity and logic of these terms;
2. Clarifies the sales and use tax exemption for libraries and organizations that support libraries;
3. Removes obsolete language related to the previously repealed indexing of the gasoline excise tax and the special fuel excise tax rates and clarifies the current applicable rates; and
4. Repeals the annual licensing requirements for distributors of cigarettes and tobacco products.

Part C:

1. Repeals a redundant confidentiality exemption for the taxpayer advocate;
2. Clarifies the definition of Maine taxable income;
3. Clarifies that the subtraction modification for Maine Public Employees Retirement System pick-up contributions is allowed for the amount of pick-up contributions that were previously taxed by Maine, not just the amount of pick-up contributions taxed during the previous three years;
4. Clarifies that the increased credit rate applicable to certified qualified rehabilitation expenditures for a certified

Joint Standing Committee on Taxation

affordable housing project is increased by one percentage point each year the State Tax Assessor is notified by the Maine Historic Preservation Commission and the Maine State Housing Authority that the percentage of certified affordable housing projects is below 30% of the total aggregate square feet of projects eligible for the historic preservation credit. The increased credit rate may not exceed 35%. It further clarifies that the increased credit rate for certified affordable housing projects applies to tax years beginning in the year of notification and to any subsequent tax year;

5. Makes a typographical correction; and
6. Makes clarifying changes to an application clause.

Enacted Law Summary

Public Law 2019, chapter 379, makes a number of technical changes to the Maine tax laws.

Part A:

1. Makes clerical corrections to outdated language and gender references;
2. Adds a cross-reference to the Maine Revised Statutes, Title 36, chapter 105 and corrects a headnote;
3. Corrects a mathematical error in which 4% was used instead of four percentage points;
4. Clarifies the use of the related terms "eligible business equipment" and "qualified property" and amends the definition of "eligible business equipment";
5. Corrects a reference to the preceding tax year;
6. Eliminates the penalty for transfer of land from farmland to timberland to match current practice and all other transfers between current use programs; and
7. Corrects the time period used for determining when cogeneration facility property is eligible for reimbursement to include the most current available cogeneration data.

Part B:

1. Removes the definitions of "storage" and "storage or use" and expands the definition of "use" to improve the clarity and logic of these terms;
2. Clarifies the sales and use tax exemption for libraries and organizations that support libraries;
3. Removes obsolete language related to the previously repealed indexing of the gasoline excise tax and the special fuel excise tax rates and clarifies the current applicable rates; and
4. Repeals the annual licensing requirements for distributors of cigarettes and tobacco products.

Part C:

1. Repeals a redundant confidentiality exemption for the taxpayer advocate;
2. Clarifies the definition of Maine taxable income;
3. Clarifies that the subtraction modification for Maine Public Employees Retirement System pick-up contributions

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is allowed for the amount of pick-up contributions that were previously taxed by Maine, not just the amount of pick-up contributions taxed during the previous three years;

4. Clarifies that the increased credit rate applicable to certified qualified rehabilitation expenditures for a certified affordable housing project is increased by one percentage point each year the State Tax Assessor is notified by the Maine Historic Preservation Commission and the Maine State Housing Authority that the percentage of certified affordable housing projects is below 30% of the total aggregate square feet of projects eligible for the historic preservation credit. The increased credit rate may not exceed 35%. It further clarifies that the increased credit rate for certified affordable housing projects applies to tax years beginning in the year of notification and to any subsequent tax year;

5. Makes a typographical correction; and

6. Makes clarifying changes to an application clause.

**LD 1819 An Act To Harmonize State Income Tax Law and the Centralized
Partnership Audit Rules of the Federal Internal Revenue Code of 1986**

PUBLIC 380

Sponsor(s)

TIPPING R

Committee Report

OTP-AM

Amendments Adopted

H-570

This bill harmonizes Maine law with recent changes in federal law with respect to partnership income tax audits wherein a partnership may be liable for federal income tax, penalties and interest that result from an audit of the partnership. This bill imposes a corresponding partnership state tax liability for increases in tax, penalties and interest that result from a federal audit of the partnership in order to ensure that state income tax revenue is not lost as a result of the federal changes. This bill applies to partnership-level audits of partnerships with respect to taxable years beginning on or after January 1, 2018.

Committee Amendment "A" (H-570)

This amendment incorporates a fiscal note.

Enacted Law Summary

Public Law 2019, chapter 380, harmonizes Maine law with recent changes in federal law with respect to partnership income tax audits wherein a partnership may be liable for federal income tax, penalties and interest that result from an audit of the partnership. This bill imposes a corresponding partnership state tax liability for increases in tax, penalties and interest that result from a federal audit of the partnership in order to ensure that state income tax revenue is not lost as a result of the federal changes. This bill applies to partnership-level audits of partnerships with respect to taxable years beginning on or after January 1, 2018.