

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

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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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

Enacted Law Summary

Public Law 2019, chapter 604 expands the permitted use of tax increment financing to include costs associated with certain adult care facilities and child care facilities and clarifies that allowable costs include promotion of workforce development and retention.

LD 1980 An Act To Create Incentives for Employers To Allow Employees to Work Remotely in Rural Maine CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHIPMAN B TIPPING R		

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to create a tax credit for businesses that create positions that allow their employees to work remotely from their homes or somewhere else outside of their office or place of employment. The credit is directly connected to the number of remote positions created and filled. If a business eliminates a remote position, it would lose the tax credit corresponding to that position.

This bill, which had been voted (ONTP) but not yet reported out of committee, was carried over in committee to any special session of the 129th Legislature by joint order, S.P. 788.

LD 1993 An Act To Clarify the Law Relating to Corporate Income Tax Nexus and the Shipment of Spirits into the State CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SANBORN H CROCKETTE	OTP-AM	S-437

This bill exempts from the corporate income tax a manufacturer of alcoholic spirits located outside of this State whose only nexus with the State is the storage of that manufacturer's spirits in a warehouse operated or approved for operation by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations.

Committee Amendment "A" (S-437)

This amendment incorporates a fiscal note.

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

LD 2008 An Act Making Technical Changes to the Maine Tax Laws PUBLIC 607

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TIPPING R	OTP-AM	H-693

Joint Standing Committee on Taxation

This bill is submitted by the Department of Administrative and Financial Services, Maine Revenue Services to make technical changes to Maine tax laws. The bill makes the following changes.

Part A makes changes related to property tax. Part A:

1. Clarifies the time period when excess tax increment revenues can be transferred by a municipality to the municipality's general fund.
2. Removes the requirement that a notice of a tax lien pursuant to the Maine Revised Statutes, Title 36, Part 2 contain the signature of a notary public, when filed by the State Tax Assessor.
3. Resolves a conflict created when two public laws amended the same section of law in different ways and updates the notice of proposed state valuation provision by requiring the notice to be made to the municipal officers of the municipality instead of the chair of the board of assessors or the chair of the board of selectmen.
4. Changes the term "manufactured home" to "manufactured housing" to match the defined term in the Maine Revised Statutes, Title 10.
5. Conforms a cross-reference to legislative drafting manual standards.
6. Removes the signature requirements under the real estate transfer tax laws with respect to assignation of rights in relation to foreclosed real property.
7. Clarifies that the municipal property tax assistance program benefits cap is an annual cap.

Part B makes changes related to sale and service provider taxes. Part B:

1. Clarifies in the exclusion to the definition of "retail sale" for sales and use tax purposes that the sale of positive airway pressure equipment for rental for personal use to a person engaged in the business of renting positive airway pressure equipment also includes oxygen delivery equipment. The clarification applies retroactively to sales occurring on or after January 1, 2012.
2. Removes the requirement under the health care provider tax provision that a return be submitted with the monthly estimated payment.
3. Corrects a cross-reference to the marijuana excise tax.

Part C makes changes related to income tax. Part C:

1. Clarifies that information regarding the tax credit for major food processing and manufacturing facility expansion provided to the Office of Program Evaluation and Government Accountability is exempt from the confidentiality statute and corrects cross-references related to the disclosure of that information.
2. Removes the requirement that a tax table be used to calculate use tax reportable on individual income tax returns. The change applies to individual income tax years beginning on or after January 1, 2020.
3. Strikes references to losses in the Maine income tax law regarding the installment sale of Maine real or tangible property. Because a taxpayer must already report the entire loss in the year of the sale for both federal and Maine income tax purposes, what is purported to be an option to accelerate the claim of the loss under Maine income tax law has no purpose or practical effect. Removing the references to such losses clarifies the law and is intended to mitigate taxpayer confusion.

Joint Standing Committee on Taxation

4. Clarifies that the net operating loss credit under the financial institutions franchise tax is computed by multiplying Maine net income by the applicable franchise tax rate.
5. Delays the State Tax Assessor's yearly reporting requirement for the tax credit for Maine shipbuilding facility investment until December 31st, clarifies that the report is for the tax year ending during the immediately preceding calendar year and defines the term "revenue loss" for the purposes of the State Tax Assessor's annual reporting requirement. These changes effect consistency with the reporting requirements for the credit for major business headquarters expansion, as amended by Public Law 2017, chapter 375, and the credit for major food processing and manufacturing facility expansion.
6. Delays the State Tax Assessor's yearly reporting requirement for the tax credit for major food processing and manufacturing facility expansion until December 31st of each year, clarifies that the report is for the tax year ending during the immediately preceding calendar year and defines the term "revenue loss" for the purposes of the State Tax Assessor's annual reporting requirement. These changes effect consistency with the reporting requirements for the credit for major business headquarters expansion, as amended by Public Law 2017, chapter 375, and the credit for Maine shipbuilding facility investment.
7. Repeals the provision of law that requires the calculation of income tax using blended tax rates for fiscal year filers when there is a change in tax rate that does not refer to the first day of the taxable year.

Part D makes changes related to administration of the tax laws. Part D:

1. Clarifies that one or more responsible individuals may be designated to collect trust fund taxes under the Maine Revised Statutes, Title 36, section 177.
2. Clarifies that the definition of "identified contract" applies to all of the Maine Revised Statutes, Title 36, section 194-D concerning Maine Revenue Services background investigations.
3. Clarifies that an additional background investigation is not required when a person who is currently employed by Maine Revenue Services applies for another position within Maine Revenue Services.
4. Codifies the practice of rounding the Maine estate tax exclusion amount cost-of-living adjustment to the nearest multiple of \$10,000.

Committee Amendment "A" (H-693)

This amendment clarifies the existing law that provides that the 10% sales tax rate applies to three categories of motor vehicles rented for less than one year: automobiles; pickup trucks or vans weighing less than 26,000 pounds that are rented from a person primarily engaged in the business of renting automobiles; and certain loaner vehicles.

Enacted Law Summary

Public Law 2019, chapter 607 makes technical changes to the tax laws.

Part A makes the following changes to property tax laws:

1. Clarifies the time period when excess tax increment revenues can be transferred by a municipality to the municipality's general fund.
2. Removes the requirement that a notice of a tax lien pursuant to the Maine Revised Statutes, Title 36, Part 2 contain the signature of a notary public, when filed by the State Tax Assessor.

Joint Standing Committee on Taxation

3. Resolves a conflict created when two public laws amended the same section of law in different ways and updates the notice of proposed state valuation provision by requiring the notice to be made to the municipal officers of the municipality instead of the chair of the board of assessors or the chair of the board of selectmen.
4. Changes the term "manufactured home" to "manufactured housing" to match the defined term in the Maine Revised Statutes, Title 10.
5. Conforms a cross-reference to legislative drafting manual standards.
6. Removes the signature requirements under the real estate transfer tax laws with respect to assignation of rights in relation to foreclosed real property.
7. Clarifies that the municipal property tax assistance program benefits cap is an annual cap.

Part B makes the following changes to sales tax laws:

1. Clarifies in the exclusion to the definition of "retail sale" for sales and use tax purposes that the sale of positive airway pressure equipment for rental for personal use to a person engaged in the business of renting positive airway pressure equipment also includes oxygen delivery equipment. The clarification applies retroactively to sales occurring on or after January 1, 2012.
2. Clarifies existing law that provides that the 10% sales tax rate applies to three categories of motor vehicles rented for less than one year: automobiles; pickup trucks or vans weighing less than 26,000 pounds that are rented from a person primarily engaged in the business of renting automobiles; and certain loaner vehicles
3. Removes the requirement under the health care provider tax provision that a return be submitted with the monthly estimated payment.
4. Corrects a cross-reference to the marijuana excise tax.

Part C makes the following changes to income tax laws:

1. Clarifies that information regarding the tax credit for major food processing and manufacturing facility expansion provided to the Office of Program Evaluation and Government Accountability is exempt from the confidentiality statute and corrects cross-references related to the disclosure of that information.
2. Removes the requirement that a tax table be used to calculate use tax reportable on individual income tax returns. The change applies to individual income tax years beginning on or after January 1, 2020.
3. Strikes references to losses in the Maine income tax law regarding the installment sale of Maine real or tangible property. Because a taxpayer must already report the entire loss in the year of the sale for both federal and Maine income tax purposes, what is purported to be an option to accelerate the claim of the loss under Maine income tax law has no purpose or practical effect. Removing the references to such losses clarifies the law and is intended to mitigate taxpayer confusion.
4. Clarifies that the net operating loss credit under the financial institutions franchise tax is computed by multiplying Maine net income by the applicable franchise tax rate.
5. Delays the State Tax Assessor's yearly reporting requirement for the tax credit for Maine shipbuilding facility investment until December 31st, clarifies that the report is for the tax year ending during the immediately preceding calendar year and defines the term "revenue loss" for the purposes of the State Tax Assessor's annual reporting

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requirement. These changes effect consistency with the reporting requirements for the credit for major business headquarters expansion, as amended by Public Law 2017, chapter 375, and the credit for major food processing and manufacturing facility expansion.

6. Delays the State Tax Assessor's yearly reporting requirement for the tax credit for major food processing and manufacturing facility expansion until December 31st of each year, clarifies that the report is for the tax year ending during the immediately preceding calendar year and defines the term "revenue loss" for the purposes of the State Tax Assessor's annual reporting requirement. These changes effect consistency with the reporting requirements for the credit for major business headquarters expansion, as amended by Public Law 2017, chapter 375, and the credit for Maine shipbuilding facility investment.

7. Repeals the provision of law that requires the calculation of income tax using blended tax rates for fiscal year filers when there is a change in tax rate that does not refer to the first day of the taxable year.

Part D makes the following administrative changes to tax laws:

1. Clarifies that one or more responsible individuals may be designated to collect trust fund taxes under the Maine Revised Statutes, Title 36, section 177.
2. Clarifies that the definition of "identified contract" applies to all of the Maine Revised Statutes, Title 36, section 194-D concerning Maine Revenue Services background investigations.
3. Clarifies that an additional background investigation is not required when a person who is currently employed by Maine Revenue Services applies for another position within Maine Revenue Services.
4. Codifies the practice of rounding the Maine estate tax exclusion amount cost-of-living adjustment to the nearest multiple of \$10,000.

LD 2010 An Act To Update References Contained in the Maine Revised Statutes to the United States Internal Revenue Code of 1986

CARRIED OVER

Sponsor(s)

TIPPING R

Committee Report

OTP-AM

Amendments Adopted

H-718

This bill is submitted by the Department of Administrative and Financial Services, Maine Revenue Services. This bill updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986, as amended through December 31, 2019, for tax years beginning on or after January 1, 2019, and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. This bill primarily affects the State's income tax laws.

Committee Amendment "A" (H-718)

This amendment provides that, for tax years beginning on or after January 1, 2020, the Maine standard deduction under the Maine income tax is equal to the federal standard deduction and is not limited by the federal Internal Revenue Code of 1986, Section 63.

The contents of this bill, as amended by Committee Amendment "A" were enacted in the supplemental budget bill, Public Law 2019, chapter 616, Part X. See summary of LD 2126 summarized by the Joint Standing Committee on Appropriations and Financial Affairs.

This bill was carried over on the Special Appropriations Table to any special session of the 129th Legislature by