

# MAINE STATE LEGISLATURE

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**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

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# 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 2047** An Act To Amend the State Tax Laws

**PUBLIC 659**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TIPPING R	OTP-AM	H-766

This bill is submitted by the Department of Administrative and Financial Services, Maine Revenue Services. This bill does the following.

Part A authorizes the Department of Administrative and Financial Services, Maine Revenue Services to disclose certain confidential tax information to the Department of Professional and Financial Regulation, Bureau of Insurance as necessary to administer Maine's insurance taxes and the credit for disability income protection plans in the workplace.

Part B clarifies that "eligible business equipment" under the business equipment tax exemption program does not include property to the extent it is eligible for exemption from property tax under any other provision of law and "qualified property" does not include any vehicle on which a tax assessed pursuant to the Maine Revised Statutes, Title 36, chapter 111 has been paid.

Part C allows a married taxpayer to claim a personal exemption deduction for that taxpayer's spouse when not filing a joint return, as long as the spouse has no gross income during the taxable year and, notwithstanding the temporary suspension of the federal personal exemption deduction through 2025, a personal exemption deduction may otherwise be claimed for the spouse for federal income tax purposes. This change applies to tax years beginning on or after January 1, 2020. It also amends the real estate withholding law, excepting buyers of real estate from the withholding requirement if the consideration paid for the property is less than \$100,000. This increased threshold is effective for sales occurring on or after January 1, 2021.

Part D allows Maine Revenue Services to set off any refund under Title 36 to cover a liquidated debt owed to another agency of the State. Under current law, only income tax refunds may be set off. Part D also corrects cross-references.

Part E changes the date by which the Department of Economic and Community Development must provide information under the Brunswick Naval Air Station job increment financing program to the State Tax Assessor from June 30th of each year to June 1st of each year. It requires the department to provide information to the assessor necessary to determine the job tax increment under the program. It also establishes a requirement that businesses located in the base area report to the department by April 15th of each year the number of employees employed at the base area during the immediately preceding calendar year, the state income taxes withheld for each of those employees and any other information as may be reasonably required by the department for purposes of administering the program. It repeals the requirement that the State Tax Assessor issue a Pine Tree Development Zone benefits report annually on October 1st.

Part E also changes the date by which businesses under the Maine Employment Tax Increment Financing Program must report required information to the Department of Economic and Community Development from April 15th of each year to March 15th of each year. Part E also establishes May 15th of each year as the date by which the department must provide information to the State Tax Assessor necessary for making determinations of eligibility for reimbursement under the program.

Part F reduces from 60 days to 15 days the time that a taxpayer with a final tax liability exceeding \$1,000 has to cooperate with Maine Revenue Services in a plan for liquidating the tax liability before the State Tax Assessor may

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notify certain licensing authorities of the taxpayer's lack of cooperation, thereby beginning the license revocation process.

Part G specifies that the filing due date is the original due date, without regard to any extension, for purposes of calculating the statute of limitations for assessments and income tax refunds. This Part applies retroactively to tax years beginning on or after January 1, 2017.

Part H makes changes to the real estate transfer tax imposed by the Maine Revised Statutes, Title 36, chapter 711-A, in order to require the filing of real estate transfer tax returns with the State Tax Assessor and the payment of the tax to the State Tax Assessor instead of to the register of deeds for the county in which the real estate being transferred is located. It requires the register of deeds to verify with the State Tax Assessor that the tax liability imposed on the transfer of real property is satisfied before recording the deed transferring the real estate. It directs the State Tax Assessor to prescribe real estate transfer tax returns, removes the statutory requirements to include signatures and taxpayer identification numbers on those forms and clarifies that the value of the real estate transferred must be on the declaration of value.

Part H also provides that the State Tax Assessor is required to develop the computer systems infrastructure necessary to implement the changes made by this Part within four years; the changes made by this Part do not take effect until 90 days after the assessor certifies that the computer systems have been developed.

Part I makes the following changes to the credit for major food processing and manufacturing facility expansion.

1. It clarifies the definition of "qualified investment."
2. It clarifies the effect of a certificate revocation.
3. It changes the cumulative credit limit for a single certificate.
4. It clarifies a certified applicant's reporting requirements.

### **Committee Amendment "A" (H-766)**

This amendment does the following.

1. It excludes amounts due pursuant to the Maine Revised Statutes, Title 36, Part 2 from the refund offset expansion in the bill and clarifies a taxpayer's appeal rights during the process.
2. It clarifies the effect of a federal income tax extension on the state income tax filing dates.
3. It strikes Part H of the bill, which makes changes to the real estate transfer tax.
4. It makes the following changes to the credit for major food processing and manufacturing facility expansion.
  - A. It clarifies that the requirement for a facility to process, produce and manufacture food from agricultural products primarily grown and harvested in the State is an ongoing requirement.
  - B. It clarifies that the expenditures of a qualified applicant and other entities, whether or not incorporated, that are part of a single business enterprise must be aggregated to determine whether a qualified investment has been made.
  - C. It clarifies that jobs that must be added in order to qualify for the credit must be added after the first day of the year in which the certificate of approval was issued.

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D. It clarifies that the headquarters and facility of a certified applicant or of a parent or subsidiary of the certified applicant, must be located in the State and that the annual income of at least 75% of the certified applicant's employees must exceed the most recent annual per capita personal income in the county in which the facility is located in order for the applicant to qualify for a certificate of completion or the credit.

5. It clarifies that property placed in service during tax years beginning on or after January 1, 2015, but before January 1, 2020, for which a bonus depreciation addition modification was required and for which the Maine capital investment credit was not claimed is eligible for a depreciation subtraction modification in tax years beginning after 2019 to allow the taxpayer to fully claim depreciation on that property over the class life of the property for Maine income tax purposes.

6. It extends the credit for rehabilitation of historic properties from allowing a credit for qualified rehabilitation expenditures made prior to December 31, 2023, to allowing a credit for qualified rehabilitation expenditures made by certified project if the Maine Historic Preservation Commission or the United States Department of the Interior, National Park Service, as required, issues a determination on or before December 31, 2025, that the proposed rehabilitation of that structure meets the Secretary of the Interior's standards for rehabilitation.

### **Enacted Law Summary**

Public Law 2019, chapter 659 makes the following changes to the state tax laws.

Part A authorizes the Department of Administrative and Financial Services, Maine Revenue Services to disclose certain confidential tax information to the Department of Professional and Financial Regulation, Bureau of Insurance as necessary to administer Maine's insurance taxes and the credit for disability income protection plans in the workplace.

Part B clarifies that "eligible business equipment" under the business equipment tax exemption program does not include property to the extent it is eligible for exemption from property tax under any other provision of law and "qualified property" does not include any vehicle on which a tax assessed pursuant to the Maine Revised Statutes, Title 36, chapter 111 has been paid.

Part C allows a married taxpayer to claim a personal exemption deduction for that taxpayer's spouse when not filing a joint return, as long as the spouse has no gross income during the taxable year and, notwithstanding the temporary suspension of the federal personal exemption deduction through 2025, a personal exemption deduction may otherwise be claimed for the spouse for federal income tax purposes. This change applies to tax years beginning on or after January 1, 2020. It also amends the real estate withholding law, excepting buyers of real estate from the withholding requirement if the consideration paid for the property is less than \$100,000. This increased threshold is effective for sales occurring on or after January 1, 2021.

Part D allows Maine Revenue Services to set off any refund under Title 36 to cover a liquidated debt owed to another agency of the State. Under current law, only income tax refunds may be set off. Part D also corrects cross-references.

Part E changes the date by which the Department of Economic and Community Development must provide information under the Brunswick Naval Air Station job increment financing program to the State Tax Assessor from June 30th of each year to June 1st of each year. It requires the department to provide information to the assessor necessary to determine the job tax increment under the program. It also establishes a requirement that businesses located in the base area report to the department by April 15th of each year the number of employees employed at the base area during the immediately preceding calendar year, the state income taxes withheld for each of those employees and any other information as may be reasonably required by the department for purposes of administering the program. It repeals the requirement that the State Tax Assessor issue a Pine Tree Development

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Zone benefits report annually on October 1st.

Part E also changes the date by which businesses under the Maine Employment Tax Increment Financing Program must report required information to the Department of Economic and Community Development from April 15th of each year to March 15th of each year. Part E also establishes May 15th of each year as the date by which the department must provide information to the State Tax Assessor necessary for making determinations of eligibility for reimbursement under the program.

Part F reduces from 60 days to 15 days the time that a taxpayer with a final tax liability exceeding \$1,000 has to cooperate with Maine Revenue Services in a plan for liquidating the tax liability before the State Tax Assessor may notify certain licensing authorities of the taxpayer's lack of cooperation, thereby beginning the license revocation process.

Part G specifies that the filing due date is the original due date, without regard to any extension, for purposes of calculating the statute of limitations for assessments and income tax refunds. This Part applies retroactively to tax years beginning on or after January 1, 2017.

Part H makes the following changes to the credit for major food processing and manufacturing facility expansion.

1. It clarifies that the requirement for a facility to process, produce and manufacture food from agricultural products primarily grown and harvested in the State is an ongoing requirement.
2. It clarifies that the expenditures of a qualified applicant and other entities, whether or not incorporated, that are part of a single business enterprise must be aggregated to determine whether a qualified investment has been made.
3. It clarifies that jobs that must be added in order to qualify for the credit must be added after the first day of the year in which the certificate of approval was issued.
4. It clarifies that the headquarters and facility of a certified applicant or of a parent or subsidiary of the certified applicant, must be located in the State and that the annual income of at least 75% of the certified applicant's employees must exceed the most recent annual per capita personal income in the county in which the facility is located in order for the applicant to qualify for a certificate of completion or the credit.

Part I clarifies that property placed in service during tax years beginning on or after January 1, 2015, but before January 1, 2020, for which a bonus depreciation addition modification was required and for which the Maine capital investment credit was not claimed is eligible for a depreciation subtraction modification in tax years beginning after 2019 to allow the taxpayer to fully claim depreciation on that property over the class life of the property for Maine income tax purposes.

Part J extends the credit for rehabilitation of historic properties from allowing a credit for qualified rehabilitation expenditures made prior to December 31, 2023, to allowing a credit for qualified rehabilitation expenditures made by certified project if the Maine Historic Preservation Commission or the United States Department of the Interior, National Park Service, as required, issues a determination on or before December 31, 2025, that the proposed rehabilitation of that structure meets the Secretary of the Interior's standards for rehabilitation.

**LD 2061     An Act Regarding the Transportation of Products in the Forest Products Industry**

**CARRIED OVER**

Sponsor(s)

Committee Report

Amendments Adopted

JACKSON T  
MCCREAD