

MAINE STATE LEGISLATURE

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STATE OF MAINE
130TH LEGISLATURE
FIRST REGULAR AND FIRST SPECIAL SESSIONS



Disposition of bills and summaries of all laws enacted or finally passed

**JOINT STANDING COMMITTEE ON APPROPRIATIONS
AND FINANCIAL AFFAIRS**

December 2021

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**JOINT STANDING COMMITTEE ON APPROPRIATIONS AND FINANCIAL
AFFAIRS**

LD 220 An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2021

ENACTED LAW SUMMARY

Public Law 2021, chapter 1 does the following.

Part A makes supplemental changes to appropriations and allocations of funds for fiscal year 2020-21.

Part B 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, 2020, for tax years beginning on or after January 1, 2018 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended.

Part C revises the appropriation and authority to expend for postsecondary course payments pursuant to Title 20-A, section 15689-A, subsection 11 in the targeted education funds for fiscal year 2020-21 and revises the total cost of education from kindergarten to grade 12, the state contribution and the annual target state share percentage for fiscal year 2020-21.

Part D requires an addition modification for federal excess business losses allowed to noncorporate taxpayers pursuant to the federal Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, for taxable years beginning after December 31, 2017 and before January 1, 2021 and a subtraction modification for the carry-over and subtraction of this amount in future years.

Part E requires an addition modification of the federal business interest deduction that exceeds 30% of adjusted taxable income pursuant to the federal CARES Act for taxable years beginning after December 31, 2018 and before January 1, 2021 and a subtraction modification for the carry-over and subtraction of this amount in tax years beginning on or after January 1, 2021.

Part F excludes qualified improvement property placed in service after December 31, 2017 and prior to January 1, 2020 from the Maine capital investment credit.

Part G requires an addition modification for the additional charitable contribution deduction allowed to corporations pursuant to the federal CARES Act for taxable years beginning after January 1, 2019 and before January 1, 2020 and a subtraction modification for the carry-over and subtraction of this amount in future years.

Part H updates and simplifies Maine income tax law by conforming the Maine income tax with the federal net operating loss, or NOL, limitation, generally known as the 80% taxable income limitation, and the federal CARES Act suspension of the limitation. This Part applies retroactively

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to tax years beginning on or after January 1, 2018. Under the provision, the 80% taxable income limitation would apply to tax years beginning after 2020.

Part I does the following:

1. Temporarily expands the Maine credit for income taxes paid to another jurisdiction in order to provide relief to Maine resident taxpayers who are being taxed by both Maine and another jurisdiction on compensation earned in Maine as a result of teleworking in Maine due to the state of emergency declared as a result of the COVID-19 pandemic. The remote work in Maine must have commenced due to the COVID-19 pandemic and during either state's state of emergency with respect to those services or proportion of services previously performed outside of Maine; and
2. Relaxes the requirement that a recipient of the educational opportunity tax credit work in Maine by providing that a qualified individual who worked in the State immediately prior to, or at any point during, the Maine COVID-19 state of emergency is deemed to have worked in this State for the entire state of emergency.

Part J authorizes the Department of Administrative and Financial Services to enter into financing agreements in fiscal years 2020-21, 2021-22 and 2022-23 for the acquisition, licensing, installation, implementation, maintenance and support of computer hardware, software and other systems development of a human resources and payroll system within the Central Administrative Applications program, General Fund account.

Part K extends the time to repay the costs of the financial agreement for the acquisition, licensing, installation, implementation, maintenance and support of the tax collection system of the Bureau of Revenue Services authorized by Public Law 2019, chapter 343, Part O.

Part M amends the Finance Authority of Maine's waste motor oil disposal site remediation program by directing all remaining funds in the Waste Motor Oil Revenue Fund to the Department of Environmental Protection's Uncontrolled Sites Fund, with 50% to be placed in a subsidiary account to be used for specific purposes related to the threats and hazards posed perfluoroalkyl and polyfluoroalkyl substances, and by repealing the laws governing the program. It also amends other sections of law by correcting cross-references and making technical changes resulting from the repeal of the laws governing the program.

Part N changes eligibility for transitional transportation to include families who are employed and have income less than 200% of the federal poverty level. It also allows the Department of Health and Human Services to use up to \$1,400,000 annually in TANF block grant expenditures to support employed families who have transportation costs and have income less than 200% of the federal poverty level.

Part O repeals the Working Cars for Working Families Program.

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Part P allows the Department of Health and Human Services to carry up to \$1,335,770 in the Supplemental Nutrition Assistance Program to reimburse the Federal Government for penalties incurred in the Supplemental Nutrition Assistance Program in federal fiscal year 2019.

Part Q amends Public Law 2019, chapter 343, Part BBBB, section 4 to specify a transfer of \$14,500,000 to the Fund for a Healthy Maine dedicated revenue instead of an amount up to \$14,500,000 and changes the date by which the transfer must be made from June 30, 2021 to July 1, 2021.

Part S authorizes the transfer of any remaining balance in the Reserve for Indigent Legal Services account, Other Special Revenue Funds to the Maine Commission on Indigent Legal Services account, Other Special Revenue Funds.

Part T extends by one year the carrying forward of any unexpended balance in the All Other line category to the end of fiscal year 2021-22 in the Department of Secretary of State, Elections and Commissions program to be used as matching funds for the federal Help America Vote Act of 2002.

Part U expands the addition modification for the global intangible low-taxed income deduction. For tax years beginning on or after January 1, 2020, the modification is for the total amount of the foreign-derived intangible income and global intangible low-taxed income deduction claimed in accordance with the United States Internal Revenue Code of 1986, Section 250(a).

Part X requires an addition modification for calculating taxable income for Maine income tax purposes equal to any increase in deductions allowed for federal income tax purposes pursuant to the federal Consolidated Appropriations Act, 2021 which provides for a temporary allowance of full deduction for business meals. The addition modification applies to taxable years beginning on or after January 1, 2021.

Part Y allows the Maine State Housing Authority to reduce the amount of the Maine tax credit allowed for an affordable housing project to less than that available under the federal low-income housing tax credit to avoid a reduction in the federal credit otherwise available.

Part Z exempts up to \$10,200 per recipient of unemployment compensation benefits received during 2020 from Maine individual income tax for taxpayers with a federal adjusted gross income of less than \$150,000 and provides funds to the Department of Administrative and Financial Services to educate and inform taxpayers about the income tax deduction for unemployment compensation.

Part AA transfers \$2,900,000 from the Reserve for General Fund Operating Capital to a COVID-19 response fund in fiscal year 2020-21 to address needs related to the novel coronavirus disease, COVID-19.

Part BB requires legislative approval of any expenditure proposed by the Governor of discretionary funds received from the federal government due to the COVID-19 pandemic that are not otherwise earmarked for another use by the State.

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Part CC requires the Maine Municipal Bond Bank to transfer \$50,000,000 from the Liquor Operation Revenue Fund, established in Title 30-A, section 6054, subsection 1, to the unappropriated surplus of the General Fund during fiscal year 2020-21.

Part DD restores funding by offsetting deappropriations in Personal Services and All Other in the Department of Defense, Veterans and Emergency Management, Veterans Services programs contained in Part A of this Act.

Part EE requires Maine Revenue Services to study the income modification that requires the add-back for Maine tax purposes of a taxpayer's deduction claimed pursuant to the federal Internal Revenue Code of 1986 from federal taxation for foreign-derived intangible income. Maine Revenue Services is required to determine the cost of the deduction, whether it effectively meets the purpose for the deduction, the revenue that would be generated without the deduction and whether there is another more effective or efficient manner of encouraging the domestic filing of taxes by corporations. Maine Revenue Services is required to provide a report, along with suggested legislation, to the Joint Standing Committee on Taxation.

Part FF transfers \$8,000,000 from the unappropriated surplus of the General Fund to the Maine Budget Stabilization Fund in fiscal year 2020-21.

Public Law 2021, chapter 1 was enacted as an emergency measure effective March 17, 2021.

LD 221 An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023

ENACTED LAW SUMMARY

Public Law 2021, chapter 398 does the following.

Part A makes changes to the baseline appropriations and allocations of funds for the 2022-2023 biennium.

Part B makes appropriations and allocations of funds for approved reclassifications and range changes.

Part C does the following:

1. Amends the state contribution, the annual target state share percentage and the mill expectation for the local contribution for fiscal year 2021-22;
2. Authorizes instead of requires the Commissioner of Education to apply for available federal funds in support of community school implementation and expansion;