

MAINE STATE LEGISLATURE

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STATE OF MAINE
130TH LEGISLATURE
SECOND REGULAR SESSION



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

JOINT STANDING COMMITTEE ON TAXATION

July 2022

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JOINT STANDING COMMITTEE ON TAXATION

LD 1794 Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory

ENACTED LAW SUMMARY

Resolve 2021, chapter 123 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired by the State due to nonpayment of property taxes.

LD 1890 An Act To Equalize Sales Tax Treatment of Certain Vehicles

ENACTED LAW SUMMARY

Public Law 2021, chapter 578 provides that the purchase by a rental car company of a truck is exempt from sales tax and makes the rental of the truck subject to sales tax at the rental vehicle rate. Chapter 578 also makes technical corrections to the sales tax law regarding trucks and provides that that the term “retail sale” for sales tax purposes excludes the purchase of all trucks and vans with a gross vehicle weight of less than 26,000 pounds, including integral parts and accessories for those vehicles, by a rental company, if those vehicles will be used for short-term rental.

LD 1917 An Act To Amend the Tax Laws of the State

ENACTED LAW SUMMARY

Public Law 2021, chapter 630 makes the following changes to the tax laws.

Part A makes changes to the insurance premiums tax and income tax law. Part A:

1. Specifies that, for tax periods beginning on or after January 1, 2023, premiums on contracts sold by insurance producers through nonadmitted insurers and premiums paid by insureds on self-procured contracts from nonadmitted insurers are subject to tax at the higher of Maine’s tax rate and the tax rate of the state of incorporation of the insurance company that is underwriting the policy; and
2. Increases the withholding rate applicable to certain gambling winnings subject to Maine tax from 5% of the winnings to the highest marginal tax rate applicable to the tax year during which the winnings are paid, plus any other applicable tax under the Maine Revised Statutes, Title 36, Part 8 relating to income taxes.

Part B makes changes to the property tax law. Part B:

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1. Requires municipalities to annually provide information needed by the Department of Administrative and Financial Services, Bureau of Revenue Services to conduct state valuation;
2. Removes an obsolete reference to state property tax;
3. Removes the requirement for benevolent and charitable institutions to be incorporated in Maine to be exempt from taxation;
4. Allows assessors to request information from taxpayers regarding property qualifying for an exemption that is subject to full or partial reimbursement by the State;
5. Strikes the provision under the deferred collection of homestead property taxes applying the abatement and appeals process under Title 36, chapter 105, subchapter 8 to situations in which the State Tax Assessor disagrees with the municipal valuation of a property subject to deferral; and
6. Replaces the term “homestead” with the term “permanent residence” in Title 36, section 6234, regarding municipal benefits to veterans, to better align the definition with the benefit to renters allowed under that section.

Part C expands the penalty-free reclassification of land taxed under the Maine Tree Growth Tax Law and farm and open space law to include reclassifications into and out of working waterfront land without incurring a penalty. In addition, it clarifies and aligns the penalty provisions for tree growth, farm and open space and working waterfront current use classifications.

Part D changes the monthly transfer of sales tax revenue to the ATV Recreational Management Fund to a biannual transfer, beginning July 1, 2023, of sales tax revenue from the prior fiscal year and clarifies that the transfer is reduced by the transfer to the Local Government Fund.

LD 1937 An Act To Clarify the Exemption from Income Tax and Withholding Tax Liability for Certain Out-of-state Suppliers of Spirits Purchased by the Bureau of Alcoholic Beverages and Lottery

ENACTED LAW SUMMARY

Public Law 2022, chapter 756 provides for tax years beginning on or after January 1, 2022 an exemption from income tax or tax withholding for certain manufacturers of spirits or suppliers of spirits located outside the State that sell or ship spirits pursuant to an order or request placed by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations or an agent or contractor of the bureau. The bill also provides that income tax “nexus” is not established by spirits manufactured or produced outside the State and brought into the State pursuant to an order or request of the bureau, regardless of whether those spirits are stored at a warehouse operated or used by the bureau or at another facility as directed by the bureau, and regardless of whether the amount of the sales or the value of those spirits exceeds the thresholds