

Shaded LDs have been voted on by the  
Committee

# WS 5/23/2023

**TAXATION COMMITTEE  
131<sup>st</sup> LEGISLATURE  
1st REG SESSION**

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LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT <sup>1</sup>	
								FY24	FY25
66	250	1/31	2/9 2/16 5/23	Perkins	An Act to Prohibit the Taxation of Drinking Water	<p>This bill expands the sales tax exemption for grocery staples to include drinking water other than flavored, mineral bottled and carbonated waters.</p> <p>MRS testimony:</p> <ol style="list-style-type: none"> <li>“drinking water” should be defined. Suggest Streamlined Sales Tax definition of “bottled water”.</li> <li>Questions whether it intended to include drinking water sold for nonresidential use (e.g. hotels etc)</li> <li>Needs application date.</li> </ol> <p><u>Rep. Hasenfus has proposed Committee Amendment</u></p> <p>VOTED Divided report 2/16/23 OTPA OTPA OTPA ONTP</p>	OTPA/ ONTP	<p>MRS PH testimony contains preliminary estimate revenue loss of \$7.5 million and \$10 million annually but depends on clarifications.</p> <p>MRS Admin Costs minimal and can be absorbed.</p> <p>In response to question from Rep. Rudnicki at PH, Newel Augur estimates \$3.1 million per year from ST on bottled water.</p>	
283	123	5/10	5/16 5/23	Matlack	An Act to Make Technical Changes to the Maine Tax Laws	<p><b>ANNUAL DAFS/MRS BILL</b> <b>MRS will provide chart</b></p> <p><u>Part A makes changes to the property tax law.</u> Part A:</p> <ol style="list-style-type: none"> <li>Allows disclosure of confidential information to the State Board of Property Tax Review; <b><u>MRS has provided additional info regarding confidentiality of info shared.</u></b></li> </ol>	tabled		

<sup>1</sup> . Numbers may represent preliminary estimates and are subject to change. For more detail, please see fiscal note documents in LD file.

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						<p>2. Clarifies that a municipality's equalized tax rate of residential property is the equalized full value tax rate when calculating qualification for sudden and severe disruption assistance;</p> <p>3. Removes the requirement that updates to the property tax assessment manual be made by the State Tax Assessor by rule;</p> <p>4. Clarifies that the fixed-dollar parsonage and personal property exemptions for houses of religious worship are based on just value;</p> <p>5. Clarifies that only individuals qualify for certain property tax exemptions for veterans and removes gender-specific terms in those provisions;</p> <p>6. Facilitates the repeal of the Circuitbreaker Program, which has expired, by moving definitions from that program to current provisions;</p> <p>7. Clarifies that the income and asset limitations of the state property tax deferral program apply to all owners of the property; and</p> <p>8. Makes other technical and grammatical changes to improve the clarity of property tax provisions.</p> <p><u>Part B makes changes to the income tax law. Part B:</u></p> <p>1. Clarifies that a petition for reconsideration related to a determination issued by Maine Revenue Services must be filed within the specified time period with Maine Revenue Services in order to be available for review in Superior Court or by the Maine Board of Tax Appeals;</p> <p>2. Repeals the Maine income modifications related to the expired federal domestic production activities deduction;</p> <p>3. Repeals the Maine income modification for the expired federal unemployment compensation deduction;</p> <p>4. Repeals the Maine income modification for the expired federal deferral of income from discharge of indebtedness;</p>			

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						<p>5. Repeals the expired Maine income modification for insurance premiums for long-term care insurance;</p> <p>6. Repeals the expired Maine income modification for federal recovery amounts included in federal adjusted gross income;</p> <p>7. Clarifies Maine Revenue Services' rule-making authority regarding the Maine research expense income tax credit by correcting an erroneous reference to the federal Internal Revenue Code of 1986, removing unnecessary and confusing language and making the rule-making requirement discretionary;</p> <p>8. Clarifies that the benefit base under the property tax fairness credit includes property tax payments, and not payments of rent constituting property taxes, under the State's property tax deferral program; and</p> <p>9. Provides that the additional credit for permanently and totally disabled veterans under the property tax fairness credit is limited to the total taxes paid by the taxpayer and by the State on behalf of the taxpayer pursuant to the property tax deferral program, if any.</p> <p><u>Part C makes changes to provisions regarding the sales tax. Part C:</u></p> <p>1. Removes the word “pickup” from the phrase “pickup trucks” in the Multimodal Transportation Fund transfer to align with the removal of the word in the corresponding sales tax provisions by Public Law 2021, chapter 578; and</p> <p>2. Clarifies the confidentiality exemption for disclosing registration, revocation of registration or exemption certificate information by providing that the allowable disclosure is limited to the disclosure of information applicable to the previous 6 years.</p> <p><b>MRS presented proposed amendment at PH.(attached to testimony)</b></p> <p>1. Removes gender-specific term</p> <p>2. Clarifies due dates of certain income tax installment payments</p>			

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1212	1389	4/11	5/4 5/16 5/23	Baldacci	Resolve, to Study the Economic Effects of Instituting a Seasonal Sales Tax	<p>This resolve requires MRS to conduct a <u>study on the effects of a seasonal sales tax including</u></p> <ol style="list-style-type: none"> <li>1. Revenue impact</li> <li>2. Effect on economy</li> <li>3. Investigate other states with seasonal tax</li> <li>4. Submit <u>report to the Legislature</u> by 12/6/23</li> </ol> <p><u>MRS suggests study should be done by DAFS or OTP rather than MRS and has other concerns.</u></p> <p><u>Voted 5/16 Divided report</u> OTPA fno (Perry, Chipman, Crockett) ONTP (All others)</p>	<p>5/4 Not taken up</p> <p>5/16 ONTP/ OTP fno</p>	<p><b>OTP amendment has been determined by OFPR not to require a fiscal note</b></p>	
1355	548	4/11	4/19 5/4 5/16 5/23	Riseman	<p>An Act to Establish a Behavioral Health Employment Income Tax Credit for Student Loan Payments</p> <p>This bill <u>amends the student loan repayment tax credit for behavioral health clinicians to:</u></p> <ol style="list-style-type: none"> <li>1. <u>double the maximum annual tax credit</u> from \$2,500 per year to \$5,000 per year and</li> <li>2. <u>double the lifetime cap</u> from \$25,000 to \$50,000.</li> </ol> <p>To be eligible for the increased credit, the bill requires that a <u>behavioral health clinician must be</u></p> <ol style="list-style-type: none"> <li>1. <u>licensed to practice in a clinical capacity</u> in an agency licensed by the State to provide <u>mental health or substance use disorder treatment services</u> and <b>Sponsor in PH testimony indicated that this provision was included by mistake and should be stricken (p 2, lines7-10)</b></li> <li>2. be engaged in that employment <u>for at least 5 years.</u></li> </ol> <p>MRS has significant technical concerns that would need to be addressed for bill to be implemented.</p>	<p>4/19 not taken up</p> <p>5/4 not taken up</p> <p>5/16 not taken up</p>	<p>MRS estimates</p> <p>Admin costs: Under consideration</p> <p>Revenue loss (annual): Less than \$1 million</p>		

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1493	1111	4/26	5/4 5/23	LaRochelle	An Act to Increase Affordable Housing by Expanding Tax Increment Financing	<p>This bill authorizes the creation of Pine Tree Housing Zones to <u>allow retained value resulting from a TIF district in a municipality to be used anywhere in the municipality for the purposes of the purchase, rehabilitation or establishment of affordable and workforce housing in the municipality.</u></p> <p>The bill <u>provides for a sales tax exemption or reimbursement for the associated purchasing of tangible personal property and electricity T&amp;D for use directly and primarily by a qualified project in a Pine Tree Housing Zone.</u></p> <p>DECD directed to adopt rules specifying many details for the process.</p> <p>Maine Revenue Services has technical concerns.</p> <p><u>Governor's budget change package ends PTDZ entry after 2023, benefits for already certified end 2034.</u></p>	tabled	MRS estimates  Estimates not provided	
1644	1350	5/10	5/23	Salisbury	An Act to Permit the Expenditure of Accumulated Tax Increment Revenues	<p>This bill <u>authorizes tax increment revenues to be used for certain identified purposes after the date a development district ends.</u></p> <p><u>Funds remaining in a "project cost account" may be used only to pay debt service on certain bonds and notes.</u></p> <p><u>Funds remaining in a "development sinking fund account" must be used only to pay approved project costs that are described in the development plan.</u></p> <p><u>Funds remaining after the expiration of time for authorized uses must be returned to municipal or plantation general fund and corresponding tax shift adjustment made by MRS.</u></p> <p><b>MRS did not testify on this bill.</b></p>			

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1689	1347	5/9	5/16 5/23	Chipman	An Act to Exempt Prescription Pet Medications from Sales Tax	This bill establishes an <u>exemption from the sales and use tax for medications for pets sold on a doctor's prescription.</u>	5/16 not taken up	MRS estimates	None provided
1739	569	5/10	5/23	Kuhn	An Act to Extend Development District Tax Increment Financing Districts	This bill <u>allows a development district that is a tax increment financing district to be extended an additional 30 years if the district uses at least 51% of state tax increment revenue for affordable housing or transit-oriented development.</u>  DECD (Victoria Foley) expressed desire that if TIF district expanded to 60 years that a new valuation be set at 30 year extension  <u>Sponsor is providing additional info regarding questions asked at PH.</u>		MRS estimates	None provided
1808	121	5/10	5/23	Perry	An Act to Amend the State Tax Laws	<b>EMERGENCY BILL</b> <b>DAFS/MRS annual bill</b>  <b>See MRS chart attached to 5/10 testimony</b>  <u>Part A makes changes to the sales tax law. Part A:</u> 1. Requires a marketplace facilitator to collect recycling assistance fees on sales that the marketplace facilitator facilitates; and 2. Adds the definition of "low-income" as used by the sales tax exemption for sales to a nonprofit housing development organization in the Maine Revised Statutes, Title 36, section 1760, subsection 72 to the corresponding exemption under the service provider tax.  <u>Part B makes changes to the property tax law. Part B:</u> 1. Simplifies eligibility for the property tax exemption for veterans who served in a federally recognized war period or received an expeditionary medal by removing the distinction between different expeditionary medals; 2. Simplifies and broadens eligibility for the property tax exemption for veterans with specially adapted		MRS estimates	None provided

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						<p>housing units to include all veterans who receive grants for specially adapted housing;</p> <p>3. Adjusts the personal property factor calculation used to determine state business equipment tax exemption reimbursement rates to exclude business personal property exempt from property taxation for reasons other than the business equipment tax exemption;</p> <p>4. Clarifies the 3 approaches to valuation;</p> <p>5. Allows certain restricted property to be considered comparable to property not so restricted for valuation purposes if the comparison is adjusted for the restriction; <b><u>MRS asks for Sec B-5 to be removed.</u></b></p> <p>6. Changes the payment due date for the homestead property tax deferral program for senior citizens from April 30th of the calendar year following the year in which the property exited the program to 12 months after the property exited the program and changes the date by which an extension must be requested from August 15th of the calendar year following the year in which the property exited the program upon a death to 12 months after the property exited the program.</p> <p><u>Part C makes changes to the income tax law. Part C:</u></p> <p>1. Provides that each required estimated tax payment for nonadmitted insurance premiums be based on contracts written during the estimated tax period;</p> <p>2. Clarifies that the nonadmitted insurance premiums tax is based on premiums on contracts written by insurers, rather than on premiums paid to insurers;</p> <p>3. Retroactively repeals the Maine modification related to the federal exclusion of benefits for volunteer firefighters and emergency responders;</p> <p>4. Eliminates a duplication of benefits by requiring that the military survivor benefits subtraction modification be reduced by the amount of those benefits claimed as a pension deduction under the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph M-2;</p> <p>5. Provides that the interest associated with an installment sale of property for which an election is</p>			

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						<p>made by a nonresident individual taxpayer to pay the Maine tax on the gain in the year of the sale or in a subsequent year is excluded from Maine taxable income in the year of the election and any year subsequent to the election;</p> <p>6. Removes the credit for certain homestead modifications for taxable years beginning on or after January 1, 2024, but allows taxpayers to carry forward unused credit amounts for up to 4 years following the first year of eligibility. It also makes an additional technical change;</p> <p>7. Establishes the extended due dates for filing income tax returns of taxable corporations and franchise tax returns of financial institutions as 30 days following the extended due date for filing the related federal income tax return. This change applies to taxable years beginning on or after January 1, 2024; and</p> <p>8. Replaces a reference to "Maine income tax withholding" in the employment tax increment financing program with a reference to "gross wages paid" in order to reflect a recent change in the program to base the benefit on gross wages paid rather than on income tax withholding.</p> <p><u>Part D makes changes to the property tax stabilization for senior citizens program.</u> Part D:</p> <p>1. Clarifies the property tax year for which individuals request stabilization;</p> <p>2. Clarifies the form municipalities must use to apply for reimbursement; and</p> <p>3. Authorizes the Department of Administrative and Financial Services, Maine Revenue Services to audit municipal applications for reimbursement and provides for municipal appeal rights. These changes take effect upon enactment.</p> <p><u>Part E makes changes to the tobacco tax law.</u> Part E:</p> <p>1. Enacts a definition of "remote seller" to mean a seller of premium cigars and pipe tobacco selling directly to consumers located in the State;</p>			



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						<p>2. Enacts a definition of "remote sale" to establish clearly when an economic nexus exists for purposes of regulation and taxation of distributors and remote sellers of tobacco products located outside of the State; and</p> <p>3. Makes other technical changes throughout to ensure clarity and consistency regarding the imposition of the tax and the many different types of distributors who bring or cause to be brought tobacco products into this State for sale.</p> <p><b><u>MRS is working with DHHS on possible changes to Part E.</u></b></p> <p><u>Part F allows the disclosure of a taxpayer's current mailing address to the Treasurer of State for purposes of returning unclaimed or abandoned property.</u></p>			
1852	1798	5/18	5/23	Poirier	An Act to Eliminate the Lodging Tax on Campground Sites and Revert to Using the Current Sales Tax	<p><b>Current law:</b> the rental of living quarters in tourist camps and trailer camps is subject to a sales tax of 9%.</p> <p><b><u>This bill removes living quarters in tourist camps and trailer camps from inclusion under the 9% sales tax rate, which will result in the rental of living quarters in trailer camps and tourist camps being subject to the general sales tax rate of 5.5%.</u></b></p> <p><u>MRS has concerns.</u></p> <p><u>Sponsor has proposed amendment to address MRS concerns.</u></p>		MRS estimates	None provided