STATE OF MAINE

128TH LEGISLATURE

FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS

Summaries of bills, adopted amendments and laws enacted or finally passed

JOINT STANDING COMMITTEE ON TAXATION

October 2018

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LD 27 **An Act To Exempt Sales to Parent-Teacher Organizations from the Sales Tax** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
TURNER B CYRWAY S	OTP-AM	H-100

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill provides a sales tax exemption to parent-teacher organizations organized as public benefit corporations.

Committee Amendment "A" (H-100)

This amendment incorporates a fiscal note.

LD 79 **An Act To Provide a Sales Tax Exemption for Career and Technical Student Organizations** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
LANGLEY B POULIOT M	OTP-AM	S-27

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill provides a sales tax exemption to nonprofit career and technical education student organizations recognized by the Department of Education.

Committee Amendment "A" (S-27)

This amendment provides one-time funding for programming costs to implement the sales tax exemption.

LD 289 **An Act To Extend the Veteran Property Tax Exemption to Veterans Who Have Served on Active Duty** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
STANLEY S	OTP-AM OTP-AM ONTP	H-232

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

The bill removes the requirement that a veteran must have served during a federally recognized war period to be eligible for a property tax exemption, thereby making the exemption available to all veterans of the Armed Forces of the United States who are 62 years of age or older or have qualifying disabilities. This bill does not change the amounts of the exemption or the other qualifying conditions.

Committee Amendment "A" (H-232)

This amendment, which is the majority report, adds a General Fund appropriation of $15,000 in fiscal year 2018-19 to the Department of Administrative and Financial Services to reimburse municipalities for state mandated administrative costs associated with implementing this property tax exemption and includes a fiscal note indicating the amount required in the next biennium for constitutionally mandated reimbursement to municipalities for state-mandated administrative costs associated with implementing this property tax exemption.

Committee Amendment "B" (H-233)

This amendment, which is one of two minority reports, requires the State to reimburse municipalities for 100% of the property tax revenue loss as a result of the extension of the veterans' property tax exemption to veterans who did not serve during a federally recognized war period. This amendment also adds a General Fund appropriation of $15,000 in fiscal year 2018-19 to the Department of Administrative and Financial Services to reimburse municipalities for state-mandated administrative costs associated with implementing this property tax exemption.

LD 442 **An Act To Create a Family Caregiver Income Tax Credit** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
DAVIS P	ONTP	

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill provides an income tax credit of up to $2,500 for certain uncompensated eligible expenditures incurred by a family caregiver for the care and support of an eligible family member 18 years of age or older.

Eligible expenditures include the improvement of or alteration to the caregiver's primary residence to permit the eligible family member to remain mobile, safe and independent in the home and community; the caregiver's purchase or lease of equipment necessary to assist the eligible family member in carrying out one or more activities of daily living; and costs incurred to assist the caregiver to provide care to an eligible family member, such as expenditures related to hiring a home care aide, respite care, adult day care and transportation and for technology to assist the family caregiver to care for the eligible family member.

To be eligible for the tax credit, a family caregiver claiming the credit must have a federal adjusted gross income of less than $75,000 if filing as a single individual or a married person filing separately and $150,000 if filing as a head of household or on a married joint return.

An eligible family member must require assistance with at least one activity of daily living, as certified by a qualified licensed health care practitioner, and qualify as a dependent of, spouse of, registered domestic partner of, parent of or other relation by blood or marriage to the family caregiver or a registered domestic partner of the family caregiver.

The amount of the credit is equal to the eligible expenditures incurred by the eligible caregiver during the taxable year up to a maximum of $2,500.

LD 513	**An Act To Increase the Maximum Pension Deduction for State Income Tax**	**Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
BELLOWS S	OTP-AM	S-119
DOORE D	OTP-AM	

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill provides a complete income tax exemption for retirement benefits under state, local or federal government retirement plans that are based on employment compensation for which contributions are not made to the federal Social Security system.

Committee Amendment "A" (S-118)

This amendment, which is the majority report, provides that the maximum income tax deduction for a retired individual receiving retirement benefits under a retirement plan based on employment compensation for which contributions are not made to the federal social security system is equal to the maximum annual social security benefit that may be received by a person retiring at 66 years of age in January of the applicable year.

Committee Amendment "B" (S-119)

This amendment, which is the minority report, increases the maximum annual income tax pension deduction amount for nonmilitary retirement pensions from $10,000 to $35,000 over a five-year period beginning with the 2017 tax year. The $35,000 pension deduction amount that applies after 2021 is subject to an annual inflation adjustment.

LD 781	**An Act To Support the Trades through a Tax Credit for Apprenticeship Programs**	**Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
HERBIG E	OTP-AM	H-416
DOW D		

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill provides an income tax credit to employers with apprenticeship programs approved by the Department of Labor. The credit is equal to $2,500 for each registered apprentice employed by the taxpayer during the taxable year in an approved apprenticeship program.

Committee Amendment "A" (H-416)

This amendment replaces the bill. It permits an employer who employs an apprentice participating in an approved apprenticeship program to receive a tax credit and establishes procedures for employing units to be eligible for a partial credit if they employ a participating apprentice for fewer than 2,000 hours during a calendar year. The amendment also adds an appropriations and allocations section.

LD 1196 **An Act To Assist Seniors and Certain Persons with Disabilities in Paying Property Taxes** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
BAILEY D	OTP-AM	H-236

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill reinstates the State's property tax deferral program, which was in effect for applications filed before April 1, 1991. The bill modifies the program to include households with at least one individual who is 65 years of age or older or who is retired from gainful employment due to disability and to surviving spouses who are at least 60 years of age or who are retired from gainful employment due to disability and provides that household income must be less than $40,000. This limit is indexed for inflation in 2019 and annually thereafter. The bill also eliminates provisions requiring accrual of interest on deferred property taxes.

Committee Amendment "A" (H-236)

This amendment removes the provisions of the bill that eliminate the requirement that interest accrues on deferred property taxes and provides that interest accrues on deferred property taxes at the prime rate published in the Wall Street Journal minus one percentage point. The amendment adds a maximum asset standard for eligibility of property owners and provides that property may not be subject to deferral under both the state deferral program and a municipal deferral program. The amendment also provides an appropriation to cover the cost of state administration of the program and the initial cost of making payments to municipalities for deferred taxes.

LD 1212 **An Act To Amend the Definition of "Eligible Business Equipment" for the Purposes of the Business Equipment Tax Exemption Program** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
KATZ R SPEAR J	OTP-AM	S-180

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill changes the statutory location of the tax exemption for personal property occupied or used solely for its own purposes by an incorporated benevolent and charitable organization that is exempt from taxation under section 501 of the Internal Revenue Code and the primary purpose of which is the operation of a hospital licensed by the Department of Health and Human Services, a health maintenance organization or a blood bank. This bill moves the exemption from the statutes regarding exemption of real and personal property to the statures governing exemption of "eligible business equipment" under the business equipment tax exemption, or "BETE," program. Municipalities are reimbursed for a portion of the property tax loss for exemptions under the BETE program.

Committee Amendment "A" (S-180)

This amendment changes the application date in the bill to tax years beginning on or after April, 1, 2018.

LD 1283 **An Act To Modernize the Mining Excise Tax** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
SAVIELLO T	ONTP	

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

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

This bill proposes to update the mining tax laws to reflect current terminology and practice and to impose a new rate of tax on mining activities.

LD 1287 **An Act To Strengthen Efforts To Recruit and Retain Primary Care Professionals and Dentists in Rural and Underserved Areas of the State** **PUBLIC 435**

Sponsor(s)	Committee Report	Amendments Adopted
JACKSON T WARD K	OTP-AM	S-121 S-511 HAMPER J

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. This bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next Special Session by joint order S.P. 748.

This bill extends through 2026 the income tax credit for eligible dentists who practice in underserved areas. With respect to the primary care access credit, the bill increases the number of primary care professionals who practice in underserved areas who may be certified for the credit and allows the credit for primary care professionals to remain in effect beyond January 1, 2019.

Committee Amendment "A" (S-121)

This amendment incorporates a fiscal note.

Senate Amendment "A" (S-511)

This amendment delays by one year the changes made by the bill to the dental care access credit.

Enacted Law Summary

Public Law 2017, chapter 435 extends through 2027 the income tax credit for eligible dentists who practice in underserved areas. The bill also increases the number of primary care professionals who practice in underserved areas who may be certified for the primary care access credit and allows that credit to remain in effect beyond January 1, 2019.

LD 1317 **An Act To Encourage Family-friendly Businesses through a Tax Credit for Child Care** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
HERBIG E VOLK A	OTP-AM ONTP	H-234

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill amends the tax credit allowed for employer-assisted day care, which expired at the end of 2015, except for the ability to carry forward unused credits.

This bill revives the credit for tax years beginning in 2017 or later but changes the amount of the credit provided to an employer who provides day care services for the children of its employees, either directly or through payments to a day care operated or licensed by the Department of Health and Human Services. The credit is the lesser of 50% of the employer's income tax liability and 75% of the costs incurred by the employer in providing day care services for children of employees of the taxpayer.

Committee Amendment "A" (H-234)

This amendment, which is the majority report, incorporates a fiscal note.

LD 1338 **An Act To Create and Sustain Jobs through Development of Cooperatives and Employee-owned Businesses** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
GROHMAN M CUSHING A	OTP-AM	H-767

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill supports employee-owned businesses and cooperatives in the following ways.

1. It excludes from Maine income tax the amount of gain recognized by a business owner in transferring the business to an employee stock ownership plan, eligible worker-owned cooperative, consumer cooperative or affordable housing cooperative.

2. It excludes from Maine income tax interest from loans that finance transfers of ownership from a business to an employee stock ownership plan, eligible worker-owned cooperative, consumer cooperative or affordable housing cooperative.

Committee Amendment "A" (H-767)

This amendment restricts the proposed income tax deduction to businesses with 100 or fewer employees, limits the deduction to tax years from 2018 to 2025, provides a process for evaluation of the deduction and reporting of information and makes clarifying and technical changes.

LD 1461 **An Act To Encourage the Construction of Affordable Housing** **Died Between Houses**

Sponsor(s)	Committee Report	Amendments Adopted
VOLK A	OTP-AM OTP-AM ONTP	

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill creates a credit against income tax and insurance premium tax for owners of low-income housing developments that qualify for tax credits under federal law and are financed with tax-exempt bonds, located in the State and determined by the Maine State Housing Authority to be eligible for a federal tax credit whether or not a federal tax credit is allocated to the development. The aggregate amount of credits that may be authorized by the Maine State Housing Authority is $42,000,000.

A taxpayer who receives the credit must agree to enter a restrictive covenant to maintain and operate the development as low-income housing and follow various federal requirements for 15 years. The tax credit is for six years and has a recapture provision if the basis of the development goes below a certain amount. An insurance company is allowed to apply the credit against the company's insurance premium tax. The Maine State Housing Authority is required to report annually various details of the qualified developments that received a credit for the prior tax year.

Committee Amendment "A" (S-470)

This amendment is the majority report and replaces the bill. The amendment moves the allocation of the bill's low-income housing development tax credit to the chapter of the Maine Revised Statutes, Title 36 that contains income tax credits. The amendment makes changes to the bill's provisions in order to clarify and improve the administration of the credit. This amendment adds an appropriations and allocations section.

Committee Amendment "B" (S-471)

This amendment is one of two minority reports of the committee and replaces the bill. The amendment provides funds for affordable housing development by increasing annually the distribution of revenue from the real estate transfer tax to the Housing Opportunities for Maine Fund by $4,000,000 in each fiscal year from fiscal year 2019-20 to fiscal year 2024-25 in order to increase the availability of affordable housing.

LD 1479 **An Act To Modernize and Improve Maine's Property Tax System** **PUBLIC 367**

Sponsor(s)	Committee Report	Amendments Adopted
STANLEY S SAVIELLO T	OTP-AM ONTP	H-624

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill amends Maine's property tax laws by:

1. Requiring centralized assessment by the Department of Administrative and Financial Services, Maine Revenue Services of complex manufacturing facilities valued at more than $10,000,000;

2. Allowing appeals of decisions of an assessor or municipal officers involving nonresidential property with a value of more than $1,000,000 directly to the Superior Court and decisions of the State Board of Property Tax Review directly to the Law Court;

3. Limiting to 30 the number of interrogatories or document requests that an assessor may require a taxpayer with property liable to taxation or seeking an exemption under the business equipment tax exemption program to answer in writing; and

4. Changing the membership specifications of the State Board of Property Tax Review to remove the requirement that a member be an engineer and instead requires members who are representatives of business and industry who are experienced in taxation, finance or valuation matters.

Committee Amendment "A" (H-624)

This amendment is the majority report and replaces the bill. The amendment makes the following changes to the process for the appeal of tax assessments to the State Board of Property Tax Review.

The amendment clarifies a tax assessor's authority to request a true and perfect list of property and to request additional information from taxpayers. It revises existing confidentiality restrictions to clarify that assessors may share confidential information with other municipal officials, attorneys, consultants and other persons involved in an appeal or approved by the taxpayer. It provides that the position of one public member of the board must be filled by a person with expertise in taxation, finance or property valuation matters and permits current assessors, as well as retired assessors, to be members of the board. If a taxpayer files an appeal with the board, the board may not schedule a hearing until after mediation between the taxpayer and the assessor has been completed, unless the parties have been excused by the board.

The amendment establishes the Task Force To Restructure and Improve the Efficiency of the State Board of Property Tax Review. Its duties are to study, assess and evaluate the process of and duties assigned to the State Board of Property Tax Review and to make recommendations for restructuring the board to improve the efficiency of the appeal process. The task force must submit a report with its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters, which may report out legislation to the First Regular Session of the 129th Legislature.

The amendment also adds a mandate preamble.

Enacted Law Summary

Public Law 2017, chapter 367 makes the following changes to the process for the appeal of tax assessments to the State Board of Property Tax Review.

1. It clarifies a tax assessor's authority to request a true and perfect list of property and to request additional information from taxpayers.

2. It revises existing confidentiality restrictions to clarify that assessors may share confidential information with other municipal officials, attorneys, consultants and other persons involved in an appeal or approved by the taxpayer.

3. It provides that the position of one public member of the board must be filled by a person with expertise in taxation, finance or property valuation matters and permits appraisers and current assessors, as well as retired assessors, to be members of the board.

4. It provides that if a taxpayer files an appeal with the board, the board may not schedule a hearing until after mediation between the taxpayer and the assessor has been completed, unless the parties have been excused by the board.

5. It establishes the Task Force To Restructure and Improve the Efficiency of the State Board of Property Tax Review to study, assess and evaluate the process of and duties assigned to the State Board of Property Tax Review and to make recommendations for restructuring the board to improve the efficiency of the appeal process. The task force must submit a report with its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters, which may report out legislation to the First Regular Session of the 129th Legislature.

LD 1537 **An Act To Replace the Educational Opportunity Tax Credit with the Student Loan Repayment Credit for Maine Residents** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
POULIOT M DOW D	OTP-AM	H-710 H-721 TIPPING R S-478 VOLK A

This bill was carried over from the First Regular Session of the 128th Legislature to the Second Regular Session. The bill was reported out of committee in the Second Regular Session and again carried over, on the Special Appropriations Table, to the next special session by joint order S.P. 748.

This bill, which is submitted by the Department of Administrative and Financial Services, makes the current income tax credit for educational opportunity inapplicable to tax years beginning on or after January 1, 2017 and creates a new simplified tax credit for student loan repayment applicable to tax years beginning on or after January 1, 2017.

1. The credit, available to qualified individuals, is equal to the amount of eligible education loan payments made during the tax year, up to the greatest of $1,000 for individuals having obtained an associate degree, $2,000 for individuals having obtained a bachelor's degree and $3,000 for individuals having obtained a graduate degree.

2. A qualified individual must be a full-year Maine resident who has obtained an associate, bachelor's or graduate degree from an accredited Maine or non-Maine community college, college or university after 2007 and who works at least part time in Maine or on a vessel at sea or is deployed for military service in the United States Armed Forces during the taxable year.

3. Loans obtained from related persons, such as family members and certain businesses, trusts and exempt organizations, do not qualify for the credit.

4. The credit may not reduce the tax due to less than zero. The credit for employers of qualified employees is equal to the amount of eligible education loan amounts paid during the taxable year, except that the credit attributable to part-time employees is limited to 50% of the credit otherwise determined.

Committee Amendment "A" (H-710)

This amendment makes the following changes to the bill.

1. It changes the implementation of the new credit for student loan repayment to tax years beginning on or after January 1, 2019.

2. It changes the calculation of the credit for qualified individuals to the lesser of the amount paid on eligible

education loans during the taxable year and 15% of the outstanding eligible education loan debt on the date the first education loan payment is made after a degree is earned.

3. It changes the calculation of the credit for employers to the lesser of the amount paid by an employer on behalf of a qualified employee during the taxable year during the term of employment and 20% of the outstanding eligible education loan debt on the date the first education loan payment is made after December 31, 2018.

4. It provides that the credit is available to the spouse of an individual eligible for a credit even if the spouse is not employed.

5. It provides income tax deductions for student loan payments made directly to a lender by an employer on behalf of a qualified employee and payments made directly to a lender on behalf of a taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State.

House Amendment "A" (H-721)

This amendment corrects the definition of "educational opportunity tax credit" to reflect the new credit for student loan repayment.

Senate Amendment "A" To Committee Amendment "A" (S-478)

This amendment provides that the annual credit may include loan amounts paid in excess of the amount due during a taxable year. The amendment also provides that credits in excess of those that may be used during a taxable year may be carried over for the next succeeding five years. This amendment also makes technical corrections.

LD 1565 **An Act To Ensure the Effectiveness of Tax Increment Financing** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
WARD K VOLK A	ONTP	

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill was submitted by the Department of Economic and Community Development. It provides that beginning with tax increment financing development programs approved by DECD on or after April 1, 2018, at least 80% of the area within the district must be designated for development by an entity engaged in a qualified business activity that is directly related to financial services, manufacturing or targeted technologies.

LD 1597 **An Act To Exempt from Sales Tax the Fee Associated with the Paint Stewardship Program** **PUBLIC 438**

Sponsor(s)	Committee Report	Amendments Adopted
BREEN C TUCKER R	OTP-AM ONTP	S-183 S-514 HAMPER J

This bill was reported out of committee in the First Regular Session of the 128th Legislature and then carried over to the Second Regular Session on the Special Appropriations Table. The bill was again carried over, still on the Special Appropriations Table, from the Second Regular Session to the next special session by joint order S.P. 748.

This bill exempts from the sales and use tax the fee imposed to fund the paint stewardship program, regardless of whether the fee is paid by a retailer or distributor or passed on to the consumer.

Committee Amendment "A" (S-183)

This amendment provides for proper administration of the exclusion from sales tax of the paint stewardship assessment by providing that the assessment is excluded from the sale price to which the sales tax applies. The amendment includes an effective date and application provision.

Senate Amendment "A" To Committee Amendment "A" (S-514)

This amendment changes the effective date from December 1, 2017 to December 1, 2018.

Enacted Law Summary

Public Law 2017, chapter 438 excludes the paint stewardship assessment from sales tax by providing that the assessment is not included in the sale price to which the sales tax applies. The exclusion takes effect December 1, 2018.

LD 1599 **An Act To Improve the Maine Tree Growth Tax Law** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
STANLEY S	ONTP	

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature.

This bill, which is a Governor's bill, makes the following changes to the Maine Tree Growth Tax Law.

1. It includes harvesting as an expressly stated purpose for land in the Maine Tree Growth Tax Law program.

2. It removes certain items from the definition of forest products that have commercial value under the Maine Tree Growth Tax Law program.

3. It increases the minimum parcel size from 10 acres to 25 acres for the Maine Tree Growth Tax Law program for parcels enrolled on or after April 1, 2018.

4. It authorizes the Department of Agriculture, Conservation and Forestry, Bureau of Forestry to audit parcels of land enrolled in the Maine Tree Growth Tax Law program to ensure compliance of the landowner with the requirements of the program and that the parcel is being managed in substantial compliance with the forest management and harvest plan for that parcel. The bureau is required to order the removal from the program of any parcel that is not substantially compliant with the requirements of the program. The owner of that removed parcel may apply to reclassify the parcel under the farm and open space tax law in the Maine Revised Statutes, Title 36, chapter 105, subchapter 10. The audit provisions are repealed January 1, 2020.

5. It requires the State Tax Assessor to deny reimbursement to a municipality if any parcel of land enrolled in the Maine Tree Growth Tax Law program is not compliant with the program.

At the request of the Joint Standing Committee on Taxation at the end of the First Regular Session, a task force of interested parties was appointed to review the issues addressed in the bill. The task force reported to the Committee in February 2018 and recommended no statutory changes at that time.

See also LD 1891, summarized below.

LD 1629	**An Act To Protect Homeowners Affected by Tax Lien Foreclosure**	**PUBLIC 478**

Sponsor(s)	Committee Report	Amendments Adopted
ESPLING E	OTP-AM	H-771
		S-551 DOW D

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature. This bill was reported out of committee in the Second Regular Session and then carried over to the next special session by joint order S.P. 748.

This bill, which is a Governor's bill, creates a preforeclosure process that municipalities must follow in order to successfully foreclose a tax lien on property of a homeowner 65 years of age or older. The preforeclosure process includes active municipal assistance with an abatement application and mediation if necessary to create a reasonable tax payment plan.

The bill provides that a municipality may not sell property that it has acquired through foreclosure and that is the sole residence of a person 65 years of age or older unless the lien exceeds 50% of the assessed value.

This bill also creates additional provisions concerning the sale of foreclosed property for all homeowners including allowing a homeowner to pay the tax lien with interest and costs before a tax sale; allowing a homeowner to remain in the home until the sale is completed; requiring the use of a real estate broker when the property is sold; and requiring the return to the homeowner of any net proceeds from the sale after adjustment for taxes owed, interest, fees and other allowable costs.

Committee Amendment "A" (H-771)

This amendment replaces the bill and requires a municipal treasurer or the State Tax Assessor, with regard to property in the unorganized territory, within 30 days after recording a tax lien certificate in the registry of deeds to notify the person named on a tax lien mortgage of the right to apply for an abatement and the availability of assistance in applying for an abatement from the municipal treasurer or the State Tax Assessor.

The amendment requires that the notification include information about the availability of assistance to avoid tax lien foreclosure from the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection.

This amendment provides a process that must be used by municipalities that choose to sell property that was acquired through tax lien foreclosure if the property was formerly eligible for a homestead exemption that was owned by a person who was 65 years of age or older and meets income and assets guidelines the sale of the property is subject to certain requirements. Under this process the municipality must use an independent real estate broker, sell the property for fair market value or the price at which the independent broker thinks the property will sell within six months and return the net proceeds of the sale to the former owner after deduction of the municipality's costs.

The amendment provides funding to municipalities to cover state-mandated costs.

Senate Amendment "D" To Committee Amendment "A" (S-551)

This amendment amends Committee Amendment "A" to:

1. Change the timing of the notice required in Committee Amendment "A" regarding a property owner's right to apply for an abatement and the availability of assistance so that the notice need not be issued separately and instead

must be included with other notice to that property owner;

2. Specify that the income conditions established in Committee Amendment "A" apply after medical expenses have been deducted;

3. Specify that the procedure established for the sale by municipalities of homesteads acquired through tax lien foreclosure applies to properties that had previously received a homestead exemption, rather than to properties that had merely been eligible for the exemption;

4. Require that municipal notice to a former owner of the right to require the sale procedure be sent by first-class mail to the last known address of the former owner;

5. Require documentation from the former owner verifying income and assets;

6. Designate as confidential applications for the procedure for the municipal sale of homesteads acquired through tax lien foreclosure, including supporting information, files, communications and determinations of such applications, and require that hearings on such applications be held in executive session;

7. Specify that the real estate broker with whom the property is listed may not hold an elected or appointed office in the relevant municipality and may not be employed by that municipality;

8. Require the municipality to attempt to contract with at least three such real estate brokers for the sale of the property before retaining, selling or disposing of the property through the tax lien foreclosure process;

9. Specifically include reasonable attorney's fees as part of the amount retained by the municipality after sale of the property; and

10. Provide that a permanent resident of this State who loses ownership of a homestead in this State due to a tax lien foreclosure and subsequently regains ownership of the homestead from the municipality that foreclosed on the tax lien continues to remain eligible for the homestead property tax exemption.

Enacted Law Summary

Public Law 2018, chapter 478 requires a municipal tax collector or the State Tax Assessor, with regard to property in the unorganized territory, to include with the notice to a person named on a tax lien mortgage information relating to the right to apply for an abatement and the availability of assistance in applying for an abatement from the municipal treasurer or the State Tax Assessor. The notice must also include information about the availability of assistance to avoid tax lien foreclosure from the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection.

This law provides a process that must be used by municipalities that choose to sell property that was acquired through tax lien foreclosure if the property formerly received a homestead exemption that was owned by a person who was 65 years of age or older and meets income and assets guidelines the sale of the property is subject to certain requirements. Under this process the municipality must use an independent real estate broker, sell the property for fair market value or the price at which the independent broker thinks the property will sell within six months and return the net proceeds of the sale to the former owner after deduction of the municipality's costs, including reasonable attorney's fees. If the municipality cannot find an independent real estate broker to sell the property after contacting at least three brokers, the municipality may retain, sell or dispose of the property in the same manner as other property acquired through the tax lien foreclosure process.

The law provides funding to municipalities to cover state-mandated costs.

LD 1655 **An Act To Conform to the United States Internal Revenue Code of 1986 and Provide Tax Relief to Maine Families** **PUBLIC 474 EMERGENCY**

Sponsor(s)	Committee Report	Amendments Adopted
DOW D	OTP-AM	S-477
	OTP-AM	S-496 DOW D

This bill was reported out of committee in the Second Regular Session of the 128th Legislature and then carried over to the next special session by joint order S.P. 748.

This bill, which is submitted by the Department of Administrative and Financial Services, 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, 2017 for tax years beginning on or after January 1, 2017 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" (S-476)

This amendment, which is the majority report of the committee, replaces the bill and does the following.

Part A 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

2. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the credits in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit.

3. It increases the maximum credit under the property tax fairness credit from $900 to $1,000 for an individual who is 65 years of age or older and from $600 to $750 for other individuals and provides a minimum credit of $400 for persons who are 65 years of age or older with income that does not exceed $20,000.

4. It establishes a new credit equal to $600 for married persons filing jointly and $300 for other filing statuses.

5. It establishes a new tax credit equal to $300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the taxation of business income of both individual and corporate taxpayers.

1. It repeals Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It does not conform to new federal treatment of bonus depreciation. It maintains Maine's current law requiring the addback federal bonus depreciation and retains the compensating Maine capital investment credit through 2019 as provided under current Maine law.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It amends the corporate alternative minimum tax for tax years beginning after December 31, 2017 to provide that the tax is based on the Internal Revenue Code and amendments to the Code on December 31, 2016.

5. It maintains the addback of bonus depreciation as expanded under the federal Tax Cuts and Jobs Act of 2017. It retains the application of the Maine capital investment credit for bonus depreciation addbacks at the same level as under current law and does not conform the credit to expansions of bonus depreciation under the federal Tax Cuts and Jobs Act of 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years beginning on or after January 1, 2018.

Part E retains the Maine exclusion amount under the estate tax at the amount in effect for deaths prior to January 1, 2018 and does not conform to the increases in the federal basic exclusion amount.

Part F maintains the deductibility of distributions from the Internal Revenue Code, Section 529 college savings accounts by not conforming to the federal expansions that allows a deduction for distributions of funds to be used for elementary and secondary public, private or religious schools.

Part G provides a credit under the income tax and the insurance premium tax equal to the federal credit for employer-paid family and medical leave. The federal credit expires December 31, 2019.

Part H increases the earned income tax credit from 5% to 15% of the federal earned income tax credit for tax years beginning on or after January 1, 2018.

Part I adds an appropriations and allocations section.

Committee Amendment "B" (S-477)

This amendment, which is the minority report of the committee, replaces the bill and does the following.

Part A 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. It reduces the individual income tax for tax years beginning on or after January 1, 2018 by eliminating the tax on taxable income up to $4,150 for single individuals and head of household filers and up to $8,300 for individuals filing married joint returns or surviving spouses permitted to file a joint return.

2. For tax years beginning on or after January 1, 2018, it changes the Maine standard deduction to conform to the federal standard deduction and increases the amount at which the standard deduction begins to phase out.

3. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

4. For tax years beginning on or after January 1, 2018, it increases the amount at which the Maine itemized deduction begins to phase out.

5. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the programs in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit beginning in 2019.

6. It establishes a new tax credit equal to $500 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the taxation of business income of both individual and corporate taxpayers.

1. It repeals Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It repeals the addition modifications that reverse, for Maine tax purposes, the effects of the federal bonus depreciation deduction and repeals the related Maine capital investment tax credit. Both changes apply to tax years beginning on or after January 1, 2018.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It eliminates the corporate alternative minimum tax for tax years beginning after December 31, 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income, as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years beginning on or after January 1, 2018.

Part E reduces corporate income tax rates beginning in 2020. The current rate structure for taxable corporations consists of 3.5%, 7.93%, 8.33% and 8.93% taxable income brackets. The rate structure for tax years beginning after December 31, 2019 consists of 3.5%, 7.93% and 8.33% taxable income brackets.

Part F amends the Maine College Savings Program to change the name to the Maine Education Savings Program and, as a result of recent federal changes to the Internal Revenue Code, Section 529, qualified tuition programs, extends the ability to use the program for enrollment or attendance expenses at an elementary or secondary public, private or religious school and to receive favorable federal tax treatment on the earnings portions of such disbursements. Part F provides for changes to the Maine Revised Statutes to reflect the change to the name of the program. Part F also conforms the program's state tax treatment of such disbursements to federal law.

Part G provides funding for computer programming changes needed as a result of the changes made in this amendment.

Senate Amendment "A" To Committee Amendment "B" (S-496)

This amendment replaces Committee Amendment "B" except for the substitute title and does the following.

Part A 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. For tax years beginning on or after January 1, 2018, it changes the Maine standard deduction to conform to the federal standard deduction and increases the amount at which the standard deduction begins to phase out.

2. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

3. For tax years beginning on or after January 1, 2018, it increases the amount at which the Maine itemized deduction begins to phase out.

4. For tax years beginning on or after January 1, 2018, the amendment establishes a Maine personal exemption deduction amount equal to $4,150 that may be claimed by a taxpayer and the taxpayer's spouse if the taxpayer is married filing a joint return. The personal exemption deduction amount is subject to phase-out for higher-income taxpayers. The personal exemption amount and phase-out thresholds are subject to an annual inflation adjustment. The personal exemption deduction may not be claimed for a taxpayer or a taxpayer's spouse who is claimed as a dependent on another taxpayer's return.

5. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the programs in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit beginning in 2019. Finally, it increases the property tax fairness credit to 100% of the benefit base above 6% of the resident individual's income and increases the credit cap to $750 for individuals and $1,200 for individuals over 65 years of age.

6. It establishes a new tax credit equal to $300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the individual and corporate income taxes.

1. It eliminates Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It enacts modifications that reverse, for Maine tax purposes, the effects of the new federal limitation on the net operating loss deduction.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It eliminates the application of the alternative minimum tax to corporate income for tax years beginning after December 31, 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income, as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision applies to tax years beginning on or after January 1, 2018.

Part E expands the corporate income tax brackets beginning in 2018. The current rate structure for taxable corporations consists of 3.5% on income not over $25,000, 7.93% on income not over $75,000, 8.33% on income not over $250,000 and 8.93% on income of $250,000 or more. The rate structure for tax years beginning after December 31, 2017 consists of 3.5% on income not over $350,000, 7.93% on income not over $1,050,000, 8.33% on income not over $3,500,000 and 8.93% on income of $3,500,000 or more.

Part F amends the Maine College Savings Program to change the name to the Maine Education Savings Program and, as a result of recent federal changes to the Internal Revenue Code, Section 529, qualified tuition programs, extends the ability to use the program for enrollment or attendance expenses at an elementary or secondary public, private or religious school and to receive favorable federal tax treatment on the earnings portions of such disbursements. Part F provides for changes to the Maine Revised Statutes to reflect the change to the name of the program. Part F also conforms the program's state tax treatment of such disbursements to federal law.

Part G retains the Maine exclusion amount under the estate tax at the amount in effect for deaths prior to January 1, 2018, subject to an annual inflation adjustment, and does not conform to the increases in the federal basic exclusion amount.

Part H provides a credit under the income tax and the insurance premium tax equal to the federal credit for employer-paid family and medical leave. The federal credit expires December 31, 2019.

Part I provides funding for computer programming changes needed as a result of the changes made in this amendment.

Enacted Law Summary

Public Law 2017, chapter 474 made changes to Maine's tax laws to conform them to changes made to the Internal Revenue Code at the federal level.

Part A 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 March 23, 2018 for tax years beginning on or after January 1, 2017 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended. Part A primarily affects the State's income and estate tax laws.

Part B makes the following changes to the individual income tax.

1. For tax years beginning on or after January 1, 2018, it changes the Maine standard deduction to conform to the federal standard deduction and increases the amount at which the standard deduction begins to phase out.

2. It increases Maine itemized deductions by the amount of real and personal property taxes not claimed for federal income tax purposes as a result of the $10,000 limitation, which is $5,000 in the case of a married individual filing a separate return, applicable to the aggregate of state, local and foreign income taxes, or state and local general sales taxes in lieu of state and local income taxes, and property taxes. Both the federal limitation and the increase in Maine itemized deductions apply to tax years beginning on or after January 1, 2018.

3. For tax years beginning on or after January 1, 2018, it increases the amount at which the Maine itemized deduction begins to phase out.

4. For tax years beginning on or after January 1, 2018, the amendment establishes a Maine personal exemption deduction amount equal to $4,150 that may be claimed by a taxpayer and the taxpayer's spouse if the taxpayer is married filing a joint return. The personal exemption deduction amount is subject to phase-out for higher-income taxpayers. The personal exemption amount and phase-out thresholds are subject to an annual inflation adjustment. The personal exemption deduction may not be claimed for a taxpayer or a taxpayer's spouse who is claimed as a dependent on another taxpayer's return.

5. It amends the sales tax fairness credit and the property tax fairness credit by replacing references to the number of exemptions claimed on the taxpayer's return with references to dependents claimed under the federal child tax credit and removing the requirement to add the federal domestic production activities deduction to income for purposes of the programs in response to federal tax changes made in the federal Tax Cuts and Jobs Act of 2017. It also provides for the adjustment for inflation of the sales tax fairness credit and the property tax fairness credit beginning in 2019. Finally, it increases the property tax fairness credit to 100% of the benefit base above 6% of the

resident individual's income and increases the credit cap to $750 for individuals and $1,200 for individuals over 65 years of age.

6. It establishes a new tax credit equal to $300 for each qualifying child and dependent of the taxpayer for whom the federal child tax credit pursuant to the Internal Revenue Code, Section 24 is claimed for the same taxable year. The new credit is available for tax years beginning on or after January 1, 2018.

Part C makes the following changes to the individual and corporate income taxes.

1. It eliminates Maine's domestic production activities deduction income modification. The related federal deduction is repealed for tax years beginning on or after January 1, 2018.

2. It enacts modifications that reverse, for Maine tax purposes, the effects of the new federal limitation on the net operating loss deduction.

3. It requires that any amount claimed as a special deduction provided by the Internal Revenue Code, Section 199A must be added back to federal taxable income for purposes of calculating income tax liability of estates and trusts under the Maine Revised Statutes, Title 36, chapters 809 and 811. Individual taxpayers are not allowed the special deduction provided by the Internal Revenue Code, Section 199A in calculating Maine taxable income; this section provides similar treatment to estates and trusts.

4. It eliminates the application of the alternative minimum tax to corporate income for tax years beginning after December 31, 2017.

Part D makes the following corporate income tax changes regarding the federal mandatory repatriation of deferred foreign income under the federal Tax Cuts and Jobs Act of 2017, the taxation of dividends, subpart F income as defined in Section 952 of the Internal Revenue Code, or "Code," and global intangible low-taxed income.

1. It creates an addition modification in the amount of the participation exemption claimed in accordance with the Code, Section 965(c). This provision applies to tax years beginning on or after January 1, 2017.

2. It creates an addition modification in the amount of the global intangible low-taxed income deduction claimed in accordance with the Code, Section 250(a)(1)(B). This provision applies to tax years beginning on or after January 1, 2018.

3. It makes technical clarifications, removing obsolete language from the existing dividends-received subtraction, clarifying netting and sales factor treatment consistent with administrative practice and excluding from dividend income subpart F income, global intangible low-taxed income included in federal taxable income in accordance with the Code, Section 951A and deferred foreign income included in federal taxable income in accordance with the Code, Section 965. This provision applies to tax years beginning on or after January 1, 2017.

4. It creates a subtraction modification for an amount equal to 50% of the apportionable subpart F income included in federal gross income by the taxpayer. This section codifies the longstanding administrative practice of applying the existing dividends-received subtraction to subpart F income, as well as dividends. This provision applies to tax years beginning on or after January 1, 2017.

5. It creates a subtraction modification for an amount equal to 80% of the apportionable deferred foreign income included in federal gross income, pursuant to the Code, Section 965(a) and (b), by the taxpayer. This provision applies to tax years beginning on or after January 1, 2017.

6. It creates a subtraction modification for an amount equal to 50% of the apportionable global low-taxed intangible income included in federal gross income, pursuant to the Code, Section 951A, by the taxpayer. This provision

applies to tax years beginning on or after January 1, 2018.

Part E expands the corporate income tax brackets beginning in 2018. The current rate structure for taxable corporations consists of 3.5% on income not over $25,000, 7.93% on income not over $75,000, 8.33% on income not over $250,000 and 8.93% on income of $250,000 or more. The rate structure for tax years beginning after December 31, 2017 consists of 3.5% on income not over $350,000, 7.93% on income not over $1,050,000, 8.33% on income not over $3,500,000 and 8.93% on income of $3,500,000 or more.

Part F amends the Maine College Savings Program to change the name to the Maine Education Savings Program and, as a result of recent federal changes to the Internal Revenue Code, Section 529, qualified tuition programs, extends the ability to use the program for enrollment or attendance expenses at an elementary or secondary public, private or religious school and to receive favorable federal tax treatment on the earnings portions of such disbursements. Part F provides for changes to the Maine Revised Statutes to reflect the change to the name of the program. Part F also conforms the program's state tax treatment of such disbursements to federal law.

Part G retains the Maine exclusion amount under the estate tax at the amount in effect for deaths prior to January 1, 2018, subject to an annual inflation adjustment, and does not conform to the increases in the federal basic exclusion amount.

Part H provides a credit under the income tax and the insurance premium tax equal to the federal credit for employer-paid family and medical leave. The federal credit expires December 31, 2019.

Part I provides funding for computer programming changes required to implement changes made in the law.

Public Law 2017, chapter 474 was enacted as an emergency measure effective September 12, 2018.

LD 1660 **Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory** **RESOLVE 36**

Sponsor(s)	Committee Report	Amendments Adopted
HILLIARD G	OTP-AM	H-655

This resolve, which was submitted by the Department of Administrative and Financial Services, 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.

Committee Amendment "A" (H-655)

This amendment corrects the property tax amounts due on two parcels of property in the Unorganized Territory.

Enacted Law Summary

Resolve 2017, chapter 36 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 1669 **An Act Regarding Levies Placed on Accounts at Financial Institutions for Unpaid State Income Taxes** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
FECTEAU R	ONTP	

This bill requires a financial institution, in a case in which a delinquent taxpayer's accounts have been levied for unpaid state income taxes, to satisfy the levy first from accounts held solely by the delinquent taxpayer, next from accounts held jointly by the delinquent taxpayer and the delinquent taxpayer's spouse and last from accounts held jointly by the delinquent taxpayer and a third party.

LD 1680 **An Act To Create an Access to Justice Income Tax Credit** **Died On Adjournment**

Sponsor(s)	Committee Report	Amendments Adopted
BAILEY D	OTP-AM	H-601

This bill was reported out of committee in the Second Regular Session of the 128th Legislature and then carried over on the Special Appropriations Table to the next special session by joint order S.P. 748.

This bill provides an income tax credit for five years for attorneys who begin the practice of law in the State and agree to practice for at least five years in an underserved area of the State as determined by the Board of Overseers of the Bar. Eligibility for the credit is open from 2019 through 2024. The board may certify up to five eligible attorneys each year. The joint standing committee of the Legislature having jurisdiction over taxation matters is directed to review the effectiveness of the credit and may submit legislation to extend or revise it.

Committee Amendment "A" (H-601)

This amendment changes the entity determining and verifying eligibility for the access to justice credit proposed in the bill from the Board of Overseers of the Bar to the Supreme Judicial Court. It also reduces the maximum annual credit from $12,000 to $6,000, adds requirements that an eligible attorney must be rostered by the Maine Commission on Indigent Legal Services to accept court appointments and agree to perform pro bono legal services and clarifies the definition of "underserved area." The amendment also adds an application date.

LD 1687 **An Act To Amend the Laws Governing the Calculation of Excise Tax on Automobiles** **Accepted Majority (ONTP) Report**

Sponsor(s)	Committee Report	Amendments Adopted
DILL J STANLEY S	ONTP OTP-AM	

This bill changes the method of computing the excise tax that is levied on motor vehicles and camper trailers registered in the State.

This bill requires that the excise tax on motor vehicles and camper trailers be based on the purchase price of the vehicle for the first or current year of model and on the maker's list price for all succeeding years. Either the original bill of sale or the state sales tax document may be used to verify the purchase price.

Committee Amendment "A" (S-421)

This amendment, which is the minority report, provides that, for a motor vehicle purchased after December 31, 2018, the motor vehicle excise tax must be based on the purchase price for the motor vehicle if purchased from a new vehicle dealer or a used car dealer. For other motor vehicles, the excise tax continues to be based on the maker's list price.

LD 1721 **An Act To Require Room Remarketers and Operators of Transient Rental Platforms To Be Registered for the Collection and Reporting of Sales Taxes** **INDEF PP**

Sponsor(s)	Committee Report	Amendments Adopted
HILLIARD G MASON G	OTP-AM	

This bill requires operators of transient rental platforms to register to collect and report sales taxes for sales occurring on or after October 1, 2018.

Committee Amendment "A" (H-711)

This amendment incorporates a fiscal note.

The provisions of this bill were included in LD 1805, summarized below, which was enacted into law as Public Law 2017, chapter 375.

LD 1722 **An Act To Encourage Computer Data Center Development by Providing a Sales Tax Refund or Exemption** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
STANLEY S DILL J	ONTP	

This bill provides a sales tax refund or exemption for the purchase of eligible server equipment, eligible power infrastructure and electronic data storage and data management services by an eligible computer data center that begins operation between October 1, 2018 and October 1, 2021. A qualifying business must be engaged in commercial activity for profit, own or lease an eligible computer data center and add at least 20 full-time jobs with above-average wages within six years after the business first becomes eligible or the amount of refunded or the tax exemption or refund plus interest will be recaptured by the State.

LD 1723 **An Act To Expand Job Opportunities for People Working in Maine** **Accepted Majority (ONTP) Report**

Sponsor(s)	Committee Report	Amendments Adopted
HERBIG E LANGLEY B	ONTP OTP-AM	

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

This bill proposes to expand job opportunities for people working in this State.

Committee Amendment "A" (H-654)

This amendment is the minority report of the committee. It provides an income tax deduction for employers that pay for housing costs of employees. The amount of the deduction is related to the number of hours worked during the tax year by the employee.

LD 1734 **An Act To Clarify the Sales Tax Exemption for Vehicles Used in Interstate or Foreign Commerce** **INDEF PP**

Sponsor(s)	Committee Report	Amendments Adopted
THIBODEAU M GIDEON S	OTP-AM	

This bill clarifies the exemption from sales and use tax for instrumentalities of interstate or foreign commerce by specifying that property waiting to be loaded or unloaded or not being used while being repaired or maintained is considered to be placed in use in interstate or foreign commerce as long as the intended next use of that property is interstate or foreign commerce. This bill provides that a trailer being used by an entity other than the owner is eligible for the exemption as long as there is a written transportation agreement between the owner and the other entity. This bill provides a definition of "interstate or foreign commerce" that is the same as the definition of "interstate commerce" in the Federal Motor Carrier Safety Regulations. This bill also specifies that the changes made in the bill apply to any ongoing audit or investigation being conducted by the Department of Administrative and Financial Services, Bureau of Revenue Services that is not final by the effective date of the bill.

Committee Amendment "A" (S-438)

This amendment clarifies the calculation of the period during which property eligible for the sales tax exemption is placed in interstate or foreign commerce or intrastate commerce. The amendment provides that a trailer, semitrailer or tow dolly being used by an entity other than the owner is eligible for the exemption as long as there is a written interchange agreement between the owner and the other entity and the transportation being provided is interstate in nature. The amendment adds a definition of "dispatch." The amendment also provides that the changes made in the bill apply retroactively to purchases made on or after January 1, 2012.

The provisions of this bill, as amended by Committee Amendment "A" (S-438), were included in LD 1805, summarized below, which was enacted into law as Public Law 2017, chapter 375.

LD 1744 **An Act To Create a Credit under the Commercial Forestry Excise Tax for Landowners Using Businesses Based in the United States** **Veto Sustained**

Sponsor(s)	Committee Report	Amendments Adopted
JACKSON T STANLEY S	OTP-AM ONTP	S-395 S-412 JACKSON T

This bill was reported out of committee in the Second Regular Session of the 128th Legislature and then carried over on the Special Appropriations Table to the next special session by joint order S.P. 748.

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

The bill proposes an income tax credit for businesses located in the United States that employ Maine residents who are engaged in logging and trucking in Maine.

Committee Amendment "A" (S-395)

This amendment is the majority report of the Committee. It replaces the bill and provides a credit against the commercial forestry excise tax for landowners who are based in the United States and who employ and retain businesses or contractors that are based in the United States, that employ at least 75% United States residents and that are current in the payment of all state and local taxes. The amendment also requires recapture of the credit if a recipient is found to have been ineligible.

Senate Amendment "A" To Committee Amendment "A" (S-412)

This amendment clarifies that a business employed by a landowner in the harvesting of timber is not required to be assessed personal property taxes in order for the landowner to be eligible for the credit.

LD 1755 **An Act To Provide a Sales Tax Exemption for Nonprofit Heating Assistance Organizations** **PUBLIC 399**

Sponsor(s)	Committee Report	Amendments Adopted
HERBIG E THIBODEAU M	OTP-AM	H-679

This bill provides an exemption from the sales and use tax to incorporated nonprofit organizations whose purpose is to provide residential heating assistance to low-income individuals.

Committee Amendment "A" (H-679)

This amendment replaces the bill. The amendment provides a sales and use tax exemption to organizations that have been determined by the United States Internal Revenue Service to be exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986 and whose primary purpose is to provide residential heating assistance to low-income individuals. It also establishes an effective date of October 1, 2018.

Enacted Law Summary

Public Law 2017, chapter 399 provides a sales and use tax exemption beginning October 1, 2018 to organizations that have been determined by the United States Internal Revenue Service to be exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986 and whose primary purpose is to provide residential heating assistance to low-income individuals.

LD 1758 **An Act To Strengthen Maine Families with Children by Changing the Income Tax Laws** **ONTP**

Sponsor(s)	Committee Report	Amendments Adopted
FREDETTE K JACKSON T	ONTP	

This bill, for tax years beginning in or after 2018:

1. Doubles the amount of the earned income tax credit a taxpayer may claim to 10% of the federal earned income credit; and

2. Enacts a new child tax credit to allow a taxpayer a credit in an amount equal to the federal child tax credit, which is an amount up to $1,000 for each qualifying child the taxpayer supports during the tax year. The credit is refundable only to the extent that the federal additional child tax credit is refundable and only for individuals filing as residents or part-year residents.

See also LD 1655, summarized above.

LD 1765 **An Act To Provide a Source of Revenue To Preserve the Integrity of Maine's Transportation Infrastructure** **Accepted Majority (ONTP) Report**

Sponsor(s)	Committee Report	Amendments Adopted
PARRY W	ONTP	
	OTP-AM	

This bill, which was submitted by the Department of Transportation, diverts 10% of the sales tax revenue on the sale of motor vehicles and motor vehicle-related items from the General Fund to the Highway Fund and 2% of that revenue from the General Fund to the Multimodal Transportation Fund.

Committee Amendment "A" (H-659)

This amendment, which is the minority report, adds an appropriations and allocations section to authorize expenditure of new funds transferred to the Multimodal Transportation Fund and to provide funding for programming changes.

LD 1781 **An Act To Encourage New Major Investments in Shipbuilding Facilities and the Preservation of Jobs** **PUBLIC 361**

Sponsor(s)	Committee Report	Amendments Adopted
DECHANT J	OTP-AM	H-685
VITELLI E	ONTP	S-425 DOW D

This bill provides a refundable income tax credit for 20 years beginning with tax years that begin on or after January 1, 2020 for major investments in a shipbuilding facility and the employment of at least 5000 qualified employees at that shipbuilding facility. The annual credit is equal to 3% of the shipbuilding facility's total qualified investment, as long as certain employment levels are maintained. In order to qualify for the credit, the shipbuilding facility must make a qualified investment after January 1, 2018 of at least $100,000,000 in the form of expenditures that are related to the construction, improvement, modernization or expansion of the shipbuilding facility and employ at least 5,000 qualified employees who are provided a retirement program, health insurance and income greater that the average annual per capita income in the State. If the shipbuilding facility employs at least 5,250 employees, the facility is entitled to an amount equal to 110% of the credit. The facility may employ fewer than 5,000 employees in 2 separate years within the 20-year period and still qualify for the credit, but at a prorated reduction. The credit may not be taken after December 31, 2039.

Committee Amendment "A" (H-685)

This amendment, which is the majority report, makes the following changes to the bill.

1. It changes the duration of the tax credit provided by the bill to a maximum of 15 years and requires an investment of at least $100,000,000 be made to qualify for the first 10 years and an additional investment of $100,000,000 to qualify for the next five years.

2. It changes the calculation for accelerated credits by changing the number of qualified employees required and providing that the amount of accelerated credit is a specified amount rather than a percentage.

3. It provides a reduced credit for years when employment drops below specified levels and eliminates the availability of exception years.

4. It removes provisions making the credit refundable.

5. It provides that a certified applicant may not receive the credit if it is a qualified Pine Tree Development Zone business or has received a certificate of approval for an employment tax increment financing program.

6. It eliminates language requiring the State and the qualified applicant to enter into an agreement that the State will provide the credit for as long as the qualified applicant meets the requirements of the law on the date the certificate of approval is issued.

7. It adds provisions requiring review of the credit by 2024 by the Office of Program Evaluation and Government Accountability under the tax expenditure review process and changes the reports required by the certified applicant, the Commissioner of Economic and Community Development and the State Tax Assessor to facilitate the review process.

8. It makes changes to clarify the intent of the credit and to improve its administration.

Senate Amendment "A" To Committee Amendment "A" (S-425)

This amendment clarifies the definition of "qualified applicant" and "qualified investment" to ensure that a qualified applicant may not be qualified for both Pine Tree Development Zone benefits or the employment tax increment financing program and the shipbuilding facility investment credit.

Enacted Law Summary

Public Law 2017, chapter 361 provides a nonrefundable income tax credit for 15 years beginning with tax years that begin on or after January 1, 2020 for major investments in a shipbuilding facility and the employment of at least 4,000 qualified employees at that shipbuilding facility.

1. The standard annual credit is $3,000,000 for an employment level of 5,500 qualified employees and may be increased or decreased depending on the annual level of employment.

2. Qualification for the credit requires that a qualified investment of at least $100,000,000 be made to qualify for the first 10 years and an additional investment of $100,000,000 to qualify for the next five years. Qualified investment means expenditures that are related to the construction, improvement, modernization or expansion of the shipbuilding facility

3. Qualification for the standard credit requires that the shipbuilding facility employ at least 5,500 qualified employees who are provided a retirement program, health insurance and income greater that the average annual per capita income in the State. If the shipbuilding facility employs more than 5,500 qualified employees during a year, the facility is entitled to an increased credit up to $3,500,000 for 7,500 employees. If the facility employs fewer than 5,500 employees, the credit is decreased incrementally to 40% of the standard credit if the number of employees is at least 4,000. If the number of employees is fewer than 4,000, the facility does not qualify for a credit.

4. The credit may not be taken after December 31, 2034.

5. An applicant may not be certified to receive the credit if it is a qualified Pine Tree Development Zone business or has received a certificate of approval for an employment tax increment financing program.

6. The credit must be reviewed by 2024 by the Office of Program Evaluation and Government Accountability under the tax expenditure review process. The certified applicant, the Commissioner of Economic and Community Development and the State Tax Assessor are required to submit reports to facilitate the review process.

LD 1796 **An Act To Improve the Effectiveness of the New Markets Capital Investment Credit** **PUBLIC 339**

Sponsor(s)	Committee Report	Amendments Adopted
	OTP	

This bill was reported by the committee pursuant to the Maine Revised Statutes, Title 3, section 999, subsection 4. It implements the recommendations of the tax expenditure report of the committee and the evaluation report of the Office of Program Evaluation and Government Accountability with regard to the new markets capital investment credit by excluding from the definition of "qualified low-income community investment" a capital or equity investment if more than 5% of the investment is used to refinance costs, expenses or investments incurred or paid by the qualified active low-income community business or a party related to the qualified active low-income community business prior to the date of the qualified low-income community investment; make equity distributions from the qualified active low-income community business to its owners; acquire an existing business or enterprise in the State; or pay transaction fees. This bill excludes from the tax credit investments that are used to cover payments referred to as "same-day loans."

Enacted Law Summary

Public Law 2017, chapter 339 implements the recommendations of the tax expenditure report of the committee and the evaluation report of the Office of Program Evaluation and Government Accountability with regard to the new markets capital investment credit by excluding from the definition of "qualified low-income community investment" a capital or equity investment if more than 5% of the investment is used to refinance costs, expenses or investments incurred or paid by the qualified active low-income community business or a party related to the qualified active low-income community business prior to the date of the qualified low-income community investment; make equity distributions from the qualified active low-income community business to its owners; acquire an existing business or enterprise in the State; or pay transaction fees. This bill excludes from the tax credit investments that are used to cover payments referred to as "same-day loans."

LD 1805 **An Act To Amend the Maine Tax Laws** **PUBLIC 375**

Sponsor(s)	Committee Report	Amendments Adopted
DOW D	OTP-AM OTP-AM	S-439

This bill, submitted by the Department of Administrative and Financial Services, does the following:

Part A expands the provision for sellers required to register to collect and report sales taxes to include online real property rental platforms and those engaged in the facilitation of the rental of living quarters and adds and expands definitions to facilitate administration. It restructures and reorganizes the section of law specifying the rate of sales tax;

Part B makes the following changes to the insurance premiums tax. It:

1. Limits insurance premiums tax refunds to the amount of tax paid within the three-year period immediately preceding the filing of a refund claim or audit. The provision is similar to that provided with respect to income tax refund claims; and

2. Prohibits the payment of interest on an overpayment of insurance premiums tax if the overpayment is refunded

by the State Tax Assessor within 60 days of the taxpayer's filing of the claim with Maine Revenue Services. The provision is similar to that provided with respect to income tax refund claims;

Part C makes the following income tax changes. It:

1. Allows an income tax subtraction modification for pick-up contributions distributed to the taxpayer by the Maine Public Employees Retirement System in the form of a rollover from taxable income within three years beginning with the year of the rollover; and

2. Makes the income tax credit for homestead modifications available in the tax year during which the certification of eligibility is made. Current law ties the credit to the year during which the qualified expenditures are paid, but the credit may be claimed only once the Maine State Housing Authority certifies to the State Tax Assessor that the expenditures incurred qualify for the credit;

Part D makes the following changes to the income tax credit for major business headquarters expansions. See also LD 1903, summarized below. It:

1. Clarifies that the information regarding revenue loss attributable to the tax credit reported by the State Tax Assessor to the joint standing committee of the Legislature having jurisdiction over taxation matters is not confidential taxpayer information. It also corrects a numbering conflict created when two public laws enacted the Maine Revised Statutes, Title 36, section 191, subsection 2, paragraph DDD;

2. Clarifies that a revocation of a certificate of approval or a certificate of completion due to ceasing operations of the headquarters also applies to a certificate held by a transferee;

3. Clarifies that the credit is available only to a certified applicant who has received a certificate of completion;

4. Clarifies that the required job threshold calculation includes the tax year for which the credit is currently being claimed, in addition to the tax years for which the credit has been claimed;

5. Clarifies that the amount recovered by the State when a certificate is revoked is a tax due in the taxable year during which the certificate is revoked and is subject to the collection and enforcement provisions contained in Title 36, Part 1, including the application of applicable interest and penalties;

6. Provides that, when determining the number of employees for eligibility for the credit, employees who are shifted to a qualified applicant's headquarters from an affiliated business in the State are not counted;

7. Removes the requirement that the Commissioner of Economic and Community Development report to the joint standing committee of the Legislature having jurisdiction over taxation matters aggregate data on employment levels and qualified investment amounts of certified applicants for each year;

8. Delays the State Tax Assessor's yearly reporting requirement until December 31st and clarifies that the report is for the tax year ending during the immediately preceding calendar year;

9. Defines the term "revenue loss" for the purposes of the State Tax Assessor's yearly reporting requirement and the confidentiality exception applying to the report; and

10. Adds rule-making authority for the commissioner and the State Tax Assessor;

Part E clarifies that the amount of sales tax revenue transferred to the Multimodal Transportation Fund is calculated after a reduction for the amount transferred to the Local Government Fund is made;

Part F aligns certain parts of the Unorganized Territory Educational and Services Tax lien foreclosure process with the municipal tax lien foreclosure process retroactively to October 1, 1935. It:

1. Authorizes the State Tax Assessor to issue a discharge of a tax lien mortgage on real estate after the prior owner's right of redemption has expired, unless the State has conveyed any interest based upon the title acquired from the affected lien;

2. Allows the State Tax Assessor to not perform certain inventory and reporting procedures with respect to real estate that is a permanent residence that has been acquired by the State through the tax lien foreclosure process; and

3. Authorizes the State Tax Assessor to convey real estate acquired by the State through the tax lien foreclosure process to the prior owner without further legislative authorization if the tax due on the real estate has been satisfied; and

Part G makes a technical clarification by repealing the provision regarding the new markets capital investment credit requiring the Commissioner of Administrative and Financial Services to enter into a memorandum of agreement. The memorandum is a nonbinding document with no substantive legal effect. See also LD 1796, summarized above.

Committee Amendment "B" (S-440)

This amendment is the minority report of the committee. It removes Part A of the bill because its provisions are addressed in separate legislation (See LD 1721 summarized above). It substitutes a separate provision clarifying that the State Tax Assessor may require a bond from a taxpayer as a condition of sales tax registration whether the registration is made under the Maine Revised Statutes, Title 36, section 1754-B or 1756 or under section 1951-B, which was enacted during the First Regular Session of the 128th Legislature. The amendment also provides that a report from the State Tax Assessor to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding the new major business headquarters expansion credit must separately state the amount of lost revenue attributable to credits used to reduce tax liability and the amount attributable to refundable credits. Finally, the amendment makes a technical correction to the bill preserving a necessary statutory cross-reference.

Committee Amendment "A" (S-439)

This amendment is the majority report of the committee and makes the following changes to the bill.

1. It removes provisions relating to the application of the sales tax to the facilitation if the rental of living quarters.

2. It provides that a report from the State Tax Assessor to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding the major business headquarters expansion credit must separately state the amount of lost revenue attributable to credits used to reduce tax liability and the amount attributable to refundable credits.

3. It adds a provision clarifying that the State Tax Assessor may require a bond from a taxpayer as a condition of sales tax registration whether the registration is made under the Maine Revised Statutes, Title 36, section 1754-B or 1756 or under section Title 36, 1951-B, which was enacted during the First Regular Session of the 128th Legislature.

4. It amends provisions of the sales tax exemption for certain instrumentalities of interstate or foreign commerce to clarify the calculation of the period during which eligible property is placed in interstate or foreign commerce or intrastate commerce and other conditions of eligibility. This provision is retroactive to purchases made on or after January 1, 2012. See also LD 1734.

5. It makes a technical correction to the bill, preserving a necessary statutory cross-reference.

Enacted Law Summary

Public Law 2017, chapter 375 was submitted by the Department of Administrative and Financial Services and makes the following changes to the tax laws.

Part A expands the provision for sellers required to register to collect and report sales taxes to include online real property rental platforms and adds and expands definitions to facilitate administration. It restructures and reorganizes the section of law specifying the rate of sales tax. The language of Part A is identical to LD 1721, which was indefintely postponed.

Part B makes the following changes to the insurance premiums tax. It:

1. Limits insurance premiums tax refunds to the amount of tax paid within the three-year period immediately preceding the filing of a refund claim or audit. The provision is similar to that provided with respect to income tax refund claims; and

2. Prohibits the payment of interest on an overpayment of insurance premiums tax if the overpayment is refunded by the State Tax Assessor within 60 days of the taxpayer's filing of the claim with Maine Revenue Services. The provision is similar to that provided with respect to income tax refund claims.

Part C makes the following income tax changes. It:

1. Allows an income tax subtraction modification for pick-up contributions distributed to the taxpayer by the Maine Public Employees Retirement System in the form of a rollover from taxable income within three years beginning with the year of the rollover; and

2. Makes the income tax credit for homestead modifications available in the tax year during which the certification of eligibility is made. Current law ties the credit to the year during which the qualified expenditures are paid, but the credit may be claimed only once the Maine State Housing Authority certifies to the State Tax Assessor that the expenditures incurred qualify for the credit.

Part D makes the following changes to the income tax credit for major business headquarters expansions. Additional changes to this tax credit were made by LD 1903, which was enacted as Public Law 2017, chapter 405. Part D:

1. Clarifies that the information regarding revenue loss attributable to the tax credit reported by the State Tax Assessor to the joint standing committee of the Legislature having jurisdiction over taxation matters is not confidential taxpayer information. It also corrects a numbering conflict created when two public laws enacted the Maine Revised Statutes, Title 36, section 191, subsection 2, paragraph DDD;

2. Clarifies that a revocation of a certificate of approval or a certificate of completion due to ceasing operations of the headquarters also applies to a certificate held by a transferee;

3. Clarifies that the credit is available only to a certified applicant who has received a certificate of completion;

4. Clarifies that the required job threshold calculation includes the tax year for which the credit is currently being claimed, in addition to the tax years for which the credit has been claimed;

5. Clarifies that the amount recovered by the State when a certificate is revoked is a tax due in the taxable year

during which the certificate is revoked and is subject to the collection and enforcement provisions contained in Title 36, Part 1, including the application of applicable interest and penalties;

6. Provides that, when determining the number of employees for eligibility for the credit, employees who are shifted to a qualified applicant's headquarters from an affiliated business in the State are not counted;

7. Removes the requirement that the Commissioner of Economic and Community Development report to the joint standing committee of the Legislature having jurisdiction over taxation matters aggregate data on employment levels and qualified investment amounts of certified applicants for each year;

8. Delays the State Tax Assessor's yearly reporting requirement until December 31st and clarifies that the report is for the tax year ending during the immediately preceding calendar year;

9. Defines the term "revenue loss" for the purposes of the State Tax Assessor's yearly reporting requirement and the confidentiality exception applying to the report and requires reports of revenue loss due to a reduction of tax liability and due to the amount of credit refunded be stated separately; and

10. Adds rule-making authority for the commissioner and the State Tax Assessor.

Part E clarifies that the amount of sales tax revenue transferred to the Multimodal Transportation Fund is calculated after a reduction for the amount transferred to the Local Government Fund is made.

Part F aligns certain parts of the Unorganized Territory Educational and Services Tax lien foreclosure process with the municipal tax lien foreclosure process retroactively to October 1, 1935. It:

1. Authorizes the State Tax Assessor to issue a discharge of a tax lien mortgage on real estate after the prior owner's right of redemption has expired, unless the State has conveyed any interest based upon the title acquired from the affected lien;

2. Allows the State Tax Assessor to not perform certain inventory and reporting procedures with respect to real estate that is a permanent residence that has been acquired by the State through the tax lien foreclosure process; and

3. Authorizes the State Tax Assessor to convey real estate acquired by the State through the tax lien foreclosure process to the prior owner without further legislative authorization if the tax due on the real estate has been satisfied.

Part G makes a technical clarification by repealing the provision regarding the new markets capital investment credit requiring the Commissioner of Administrative and Financial Services to enter into a memorandum of agreement. The memorandum is a nonbinding document with no substantive legal effect. Additional changes to the new market capital investment credit were made by LD 1796, which was enacted as Public Law 2017, chapter 339.

Part H adds a provision clarifying that the State Tax Assessor may require a bond from a taxpayer as a condition of sales tax registration whether the registration is made under the Maine Revised Statutes, Title 36, section 1754-B or 1756 or under section Title 36, 1951-B, which was enacted during the First Regular Session of the 128th Legislature.

Part I amends provisions of the sales tax exemption for certain instrumentalities of interstate or foreign commerce to clarify the calculation of the period during which eligible property is placed in interstate or foreign commerce or intrastate commerce and other conditions of eligibility. This provision is retroactive to purchases made on or after January 1, 2012. The language of Part I is similar to the committee amendment to LD 1734, which was indefinitely postponed.

LD 1862 **An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2018-19** **PUBLIC 424 EMERGENCY**

Sponsor(s)	Committee Report	Amendments Adopted
	OTP-AM	H-712
	OTP-AM	S-504 JACKSON T

This bill was reported out of committee in the Second Regular Session of the 128th Legislature and then carried over to the next special session by joint order S.P. 748.

This bill, which was submitted by the administrator of the unorganized territory pursuant to the Maine Revised Statutes, Title 36, Section 1604, establishes municipal cost components for state and county services provided to the unorganized territory that would normally be paid for by a municipality. The municipal cost components form the basis for the property tax for the unorganized territory.

Committee Amendment "A" (H-712)

This amendment, which is the majority report, removes the cost of funding a proposed new half-time deputy sheriff position in Aroostook County and the cost of funding the proposed construction of a bridge on a private road in Oxford County.

Committee Amendment "B" (H-713)

This amendment, which is the minority report, removes the cost of funding the proposed construction of a bridge on a private road in Oxford County.

Senate Amendment "B" To Committee Amendment "A" (S-504)

This amendment strikes from Committee Amendment "A" language that reduces by $80,000 the municipal cost component submitted by Aroostook County to remove funding for a half-time deputy sheriff position and a vehicle; instead, this amendment reduces that municipal cost component by $45,000 to remove only the funding for the vehicle.

This amendment also requires the administrator of Aroostook County to reimburse the fiscal administrator of the unorganized territory for the time that the half-time deputy sheriff position provides services directly to the organized municipalities in Aroostook County, as determined by the Aroostook County administrator.

Enacted Law Summary

Public Law 2017, chapter 424 establishes municipal cost components for state and county services provided to the unorganized territory that would normally be paid for by a municipality. The municipal cost components form the basis for the property tax for the unorganized territory. This law requires the administrator of Aroostook County to reimburse the fiscal administrator of the unorganized territory for the time that a half-time deputy sheriff position provides services directly to the organized municipalities in Aroostook County, as determined by the Aroostook County administrator.

Public Law 2017, chapter 424 was enacted as an emergency measure effective June 27, 2018.

LD 1882 **An Act To Exempt from Taxation Sales to Certain Nonprofit Organizations Supporting Veterans** **PUBLIC 445**

Sponsor(s)	Committee Report	Amendments Adopted
POULIOT M HAMPER J	OTP-AM	H-741

This bill was reported out of committee in the Second Regular Session of the 128th Legislature and then carried over on the Special Appropriations Table to the next special session by joint order S.P. 748.

This bill was submitted by the Governor and expands the sales tax exemption for incorporated nonprofit organizations organized for the purpose of providing direct supportive services in the State to certain veterans and their families to include veterans with combat injuries.

Committee Amendment "A" (H-741)

This amendment removes the section of the bill that amends the current sales and use tax exemption for certain veterans' support organizations and instead provides an exemption from the sales and use tax and the service provider tax for incorporated nonprofit organizations organized for the primary purpose of operating a retreat in the State for combat-injured veterans and their families free of charge.

Enacted Law Summary

Public Law 2017, chapter 445 provides an exemption from the sales and use tax and the service provider tax for incorporated nonprofit organizations organized for the primary purpose of operating a retreat in the State for combat-injured veterans and their families free of charge.

LD 1891 **An Act To Improve Compliance with the Maine Tree Growth Tax Law** **Accepted Majority (ONTP) Report**

Sponsor(s)	Committee Report	Amendments Adopted
CUSHING A KINNEY M	ONTP OTP	

This bill was submitted by the Governor and makes the following changes to the Maine Tree Growth Tax Law.

1. It authorizes the Department of Agriculture, Conservation and Forestry, Bureau of Forestry to review certain parcels of land classified under the Maine Tree Growth Tax Law to determine whether the landowner is complying with the requirements of the law and whether the land is being managed in compliance with the forest management and harvest plan for that parcel. The bureau is required to report any noncompliance after a specified period to the assessor. The owner of a parcel found by the forestry bureau to be in noncompliance with the law may apply to reclassify the parcel as farmland or open space under the farm and open space tax law.

2. It requires the bureau to offer assistance to landowners found in noncompliance.

3. It requires the Bureau of Forestry to report every odd-numbered year to Taxation Committee summarizing the bureau's activities under the bill.

See also LD 1599, summarized above.

LD 1903 **An Act To Improve the Effectiveness of the Major Business Headquarters Expansion Tax Credit** **PUBLIC 405**

Sponsor(s)	Committee Report	Amendments Adopted

This bill was reported out by the Taxation Committee pursuant to Public Law 2017, chapter 297, section 3. It makes the following changes to improve the effectiveness of the income tax credit for major business expansions.

1. It provides that the number of additional employees that must be added by a certified applicant must be determined based on the number of qualifying employees above the certified applicant's base level of employment.

2. It provides that a certificate of completion issued by the Commissioner of Economic and Community Development must state the amount of the qualified investment made by the certified applicant, and it clarifies that the credit is 2% of the lesser of the amount of actual qualified investment specified in the certified applicant's certificate of completion and the amount of qualified investment approved in the certificate of approval.

3. It amends reporting requirements and establishes evaluation guidance to improve the future review of the credit under the Maine Revised Statutes, Title 3, chapter 37 by the Office of Program Evaluation and Government Accountability, the joint legislative committee established to oversee program evaluation and government accountability matters and the joint standing committee of the Legislature having jurisdiction over taxation matters.

4. It clarifies that, if a certificate of approval has been transferred, the transferee is responsible for any repayment obligations if there is a recapture of credit amounts.

Enacted Law Summary

Public Law 2017, chapter 405 makes the following changes to improve the effectiveness of the income tax credit for major business expansions.

1. It provides that the number of additional employees that must be added by a certified applicant must be determined based on the number of qualifying employees above the certified applicant's base level of employment.

2. It provides that a certificate of completion issued by the Commissioner of Economic and Community Development must state the amount of the qualified investment made by the certified applicant, and it clarifies that the credit is 2% of the lesser of the amount of actual qualified investment specified in the certified applicant's certificate of completion and the amount of qualified investment approved in the certificate of approval.

3. It amends reporting requirements and establishes evaluation guidance to improve the future review of the credit under the Maine Revised Statutes, Title 3, chapter 37 by the Office of Program Evaluation and Government Accountability, the joint legislative committee established to oversee program evaluation and government accountability matters and the joint standing committee of the Legislature having jurisdiction over taxation matters.

4. It clarifies that, if a certificate of approval has been transferred, the transferee is responsible for any repayment obligations if there is a recapture of credit amounts.

Joint Standing Committee on Taxation

SUBJECT INDEX

Administration of Tax Laws

Not Enacted

LD 1669	An Act Regarding Levies Placed on Accounts at Financial Institutions for Unpaid State Income Taxes	ONTP

Income Tax Conformity

Enacted

LD 1655	An Act To Conform to the United States Internal Revenue Code of 1986 and Provide Tax Relief to Maine Families	PUBLIC 474 EMERGENCY

Income Tax Credits, Exemptions, Deductions and Incentives

Enacted

LD 1287	An Act To Strengthen Efforts To Recruit and Retain Primary Care Professionals and Dentists in Rural and Underserved Areas of the State	PUBLIC 435
LD 1781	An Act To Encourage New Major Investments in Shipbuilding Facilities and the Preservation of Jobs	PUBLIC 361
LD 1796	An Act To Improve the Effectiveness of the New Markets Capital Investment Credit	PUBLIC 339
LD 1903	An Act To Improve the Effectiveness of the Major Business Headquarters Expansion Tax Credit	PUBLIC 405

Not Enacted

LD 442	An Act To Create a Family Caregiver Income Tax Credit	ONTP
LD 513	An Act To Increase the Maximum Pension Deduction for State Income Tax	Died On Adjournment
LD 781	An Act To Support the Trades through a Tax Credit for Apprenticeship Programs	Died On Adjournment
LD 1317	An Act To Encourage Family-friendly Businesses through a Tax Credit for Child Care	Died On Adjournment
LD 1338	An Act To Create and Sustain Jobs through Development of Cooperatives and Employee-owned Businesses	Died On Adjournment
LD 1461	An Act To Encourage the Construction of Affordable Housing	Died Between Houses
LD 1537	An Act To Replace the Educational Opportunity Tax Credit with the Student Loan Repayment Credit for Maine Residents	Died On Adjournment
LD 1680	An Act To Create an Access to Justice Income Tax Credit	Died On Adjournment
LD 1723	An Act To Expand Job Opportunities for People Working in Maine	Majority (ONTP) Report

LD 1758	An Act To Strengthen Maine Families with Children by Changing the Income Tax Laws	ONTP

Motor Vehicle Excise Tax

Not Enacted

LD 1687	An Act To Amend the Laws Governing the Calculation of Excise Tax on Automobiles	Majority (ONTP) Report

Multiple Taxes

Enacted

LD 1805	An Act To Amend the Maine Tax Laws	PUBLIC 375

Other Taxes

Not Enacted

LD 1283	An Act To Modernize the Mining Excise Tax	ONTP
LD 1744	An Act To Create a Credit under the Commercial Forestry Excise Tax for Landowners Using Businesses Based in the United States	Veto Sustained

Property Tax - Current Use

Not Enacted

LD 1599	An Act To Improve the Maine Tree Growth Tax Law	ONTP
LD 1891	An Act To Improve Compliance with the Maine Tree Growth Tax Law	Majority (ONTP) Report

Property Tax - Exemptions

Not Enacted

LD 289	An Act To Extend the Veteran Property Tax Exemption to Veterans Who Have Served on Active Duty	Died On Adjournment
LD 1212	An Act To Amend the Definition of "Eligible Business Equipment" for the Purposes of the Business Equipment Tax Exemption Program	Died On Adjournment

Property Tax - General

Enacted

LD 1479	An Act To Modernize and Improve Maine's Property Tax System	PUBLIC 367
LD 1629	An Act To Protect Homeowners Affected by Tax Lien Foreclosure	PUBLIC 478

Property Tax Relief Programs

Not Enacted

LD 1196	An Act To Assist Seniors and Certain Persons with Disabilities in Paying Property Taxes	Died On Adjournment

Sales and Use Tax

Not Enacted

LD 1721	An Act To Require Room Remarketers and Operators of Transient Rental Platforms To Be Registered for the Collection and Reporting of Sales Taxes	INDEF PP
LD 1765	An Act To Provide a Source of Revenue To Preserve the Integrity of Maine's Transportation Infrastructure	Majority (ONTP) Report

Sales Tax Exemptions, Exclusions or Refunds

Enacted

LD 1597	An Act To Exempt from Sales Tax the Fee Associated with the Paint Stewardship Program	PUBLIC 438
LD 1755	An Act To Provide a Sales Tax Exemption for Nonprofit Heating Assistance Organizations	PUBLIC 399
LD 1882	An Act To Exempt from Taxation Sales to Certain Nonprofit Organizations Supporting Veterans	PUBLIC 445

Not Enacted

LD 27	An Act To Exempt Sales to Parent-Teacher Organizations from the Sales Tax	Died On Adjournment
LD 79	An Act To Provide a Sales Tax Exemption for Career and Technical Student Organizations	Died On Adjournment
LD 1722	An Act To Encourage Computer Data Center Development by Providing a Sales Tax Refund or Exemption	ONTP
LD 1734	An Act To Clarify the Sales Tax Exemption for Vehicles Used in Interstate or Foreign Commerce	INDEF PP

Tax Increment Financing

Not Enacted

LD 1565	An Act To Ensure the Effectiveness of Tax Increment Financing	ONTP

Unorganized Territory

Enacted

LD 1660	Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory	RESOLVE 36
LD 1862	An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2018-19	PUBLIC 424 EMERGENCY