Shaded LDs have been voted on by the Committee

3/16/20

TAXATION COMMITTEE
jsj 3/16/2020 5:06 PM

129th LEGISLATURE
2nd REG SESSION

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1] FY19	FY120
1898	2772	1/21	1/30 3/4	Sanborn	An Act Regarding Property Taxes on Certain Energy Generation Projects	This bill provides that, for property tax purposes, the State Tax Assessor determines the valuation of the property of an energy generation project that is located partially in the unorganized territory and partially in organized areas and apportions to the organized areas the portion of the project valuation located in each organized area. The municipal assessor must use the STA's valuation adjusted by the municipality's assessment ratio. The valuation of an energy generation asset determined by the State Tax Assessor may not be considered captured assessed value for tax increment financing purposes. (**SPONSOR REQUESTS DELETION OF THIS PROVISION)** An appeal of a STA's valuation made under this provision may be made to the State Board of Property Tax Review. MRS has concerns to present to Committee. See Allen PH testimony. Indicates considerable complexity with more study needed, perhaps working group. Also technical concerns/. **WS 1/30. Tabled for sponsoir to work with interested parties.**	ONTP	Revenue impact: Minimal PT affect in UT Admin cost: First year $1,250,000 Subsequent years $250,000 ($1,000,000 every 5 years for appraisal firm)	
1914	3054	1/21	1/30	Millett	An Act To Provide a Sales Tax Exemption for Textbooks	This bill exempts from the sales and use tax books or book substitutes used as a text or text substitute by a student in a class or program and pursuing a course of study at a:	ONTA/ ONTP	Revenue impact: ($500,000) to ($1,000,000) annually	

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

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						1. School 2. College 3. University A. operated or supported by federal, state or local government, B. accredited by state or recognized accrediting entity or C. whose credits are accepted for transfer to at least 3 accredited state or local institution "School" is defined by 36 MRSA to include public and primary elementary, secondary or postsecondary educational institutions with regular faculty, curriculum, student body in attendance during school year and that keeps and furnishes student records. <u>MRS has concerns</u>. See Allen PH testimony. 1. Complexity for retailers 2. Raises *Wayfair* issues 3. Prefer enhancement of Opportunity Maine Credit		<u>Admin. costs:</u> None	
1919	3091	2/6	WS 2/25 3/5	Cloutier	An Act To Provide a Tax Credit for Family Caregivers	This bill provides, beginning in 2021 tax years, a <u>refundable income tax credit</u> of up to $2,000 to a taxpayer who personally <u>provides at least 150 hours per year of personal care</u> assistance services for the care and support of <u>an eligible family member or members who are 18 years of age or older.</u> If both taxpayers on a married joint return are providing eligible services, they may combine hours to meet the 150-hour annual threshold. The <u>credit is reduced based on the income</u> of the individual claiming the credit beginning at $50,000S/$75,000HH/$100,000MJ. An <u>eligible family member</u> must <u>require assistance</u> 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 <u>relative by blood or marriage</u> of the eligible family caregiver or a registered domestic partner of the eligible family caregiver. **<u>WS 2/25 Tabled for sponsor to work on language.</u>**	OTPA		

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
1929	2956	1/21	1/30	Fecteau	Resolve, Establishing the Commission To Study Fair, Equitable and Competitive Tax Policy for Maine's Working Families and Small Businesses (EMERGENCY)	This emergency resolve establishes the Commission To Study Fair, Equitable and Competitive Tax Policy for Maine's Working Families and Small Businesses consisting of <u>11 members</u> : 3 Senators (must be at least one from each of the 2 parties with largest number of seats) 3 Representative (must be at least one from each of the 2 parties with largest number of seats) 1 rep. of Governor appointed by Gov 2 public members, appointed by Pres. of Senate 2 public members appointed by Speaker The <u>commission</u> is directed <u>to study issues related to taxation of working families and small businesses and recommend legislation to ensure that tax policy is fair, equitable and competitive and adequately funds important government services</u>. The commission is directed to evaluate the direct impact of its proposed tax changes on after-tax income by income decile. MRS is directed to provide requested nonconfidental data. The commission is required to submit a report including its recommendations and suggested legislation by November 4, 2020, for presentation to the First Regular Session of the 130th Legislature. <u>MRS has not commented on this bill.</u>	OTPA/ ONTP		
1958	2651	1/21	1/30 2/4	Meyer	An Act To Expand Tax Increment Financing To Include Adult Care Facilities and Services and Certain Child Care Facilities	This bill expands the permitted use of <u>tax increment financing</u> to include costs associated with <u>certain adult care facilities and child care facilities</u> and clarifies that allowable costs <u>include promotion of workforce development and retention</u>. Current law permits such use only for quality child care costs. <u>MRS has concerns about the bill to bring to the committee's attention.</u> **<u>WS 1/30 Tabled for sponsor to work on amendment</u>**	OTPA	Revenue impact: Minimal MRS and DECD administrative impact: Can be absorbed	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY **(Summaries may not reflect content of most recent committee action)**	COMM ACTION	FISCAL IMPACT[1]	
								FY19	**FY120**
1980	2951	2/13	2/25 ¾ 3/10	Chipman	An Act To Create Incentives for Employers To Allow Employees To Work Remotely in Rural Maine	This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to create a tax credit for businesses that create positions that allow their employees to work remotely from their homes or somewhere else outside of their office or place of employment. The credit is directly connected to the number of remote positions created and filled. If a business eliminates a remote position, it would lose the tax credit corresponding to that position. **WS 2/25. Tabled for sponsor to work with interested parties.** **WS ¾ Tabled for more time to work on language**	ONTP		
1993	2886	1/23	2/18 3/4	Sanborn	An Act To Clarify the Law Relating to Corporate Income Tax Nexus and the Shipment of Spirits into the State	This bill exempts from the corporate income tax a manufacturer of alcoholic spirits located outside of this State whose only nexus with the State is the storage of that manufacturer's spirits in a warehouse operated or approved for operation by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations. **MRS has indicated willingness to work with sponsor to incorporate a similar exclusion in LD2011 (testimony of M. Allen on LD 2011 2/6/20)** **2/18 Sponsor submitted proposed amendment. Tabled for MRS to review the amendment.** **MRS Review received. Memo dated 3/3/20 in folders**	OTPA	MRS estimates 2/18 Sanborn amdt: Revenue loss: Retro active provisions: $2,000,000 to $6,000,000 Ongoing revenue loss: $500,000 to $1,000,000	
2008	2991	1/27	2/4	Tipping	An Act Making Technical Changes to the Maine Tax Laws	**SEE MRS CHART DISTRIBUTED AT PUBLIC HEARING FOR SECTION BY SECTION SUMMARY** **Part A makes the following changes to the property tax laws.**	OTPA		

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						1. It clarifies the time period when excess tax increment revenues can be transferred by a municipality to the municipality's general fund. 2. It removes the requirement that a notice of a property tax lien pursuant to the Maine Revised Statutes, Title 36, Part 2 contain the signature of a notary public, when filed by the State Tax Assessor. 3. It resolves a conflict created when 2 public laws amended the same section of law in different ways and updates the notice of proposed state valuation provision by requiring the notice to be made to the municipal officers of the municipality instead of the chair of the board of assessors or the chair of the board of selectmen. 4. It changes the term "manufactured home" to "manufactured housing" to match the defined term in Title 10. 5. It conforms a cross-reference to legislative drafting manual standards. 6. It removes the signature requirements under the real estate transfer tax laws with respect to assignation of rights in relation to foreclosed real property. 7. It clarifies that the municipal property tax assistance program benefits cap is an annual cap. **Part B makes the following changes to the sales tax laws.** 1. It clarifies in the exclusion to the definition of "retail sale" for sales and use tax purposes that the sale of positive airway pressure equipment for rental for personal use to a person engaged in the business of renting positive airway pressure equipment also includes oxygen delivery equipment. The clarification applies retroactively to sales occurring on or after January 1, 2012.			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						2. It removes the requirement under the health care provider tax provision that a return be submitted with the monthly estimated payment. 3. It corrects a cross-reference to the marijuana excise tax. **Part C makes the following changes to the income tax laws.** 1. It clarifies that information regarding the tax credit for major food processing and manufacturing facility expansion provided to the Office of Program Evaluation and Government Accountability is exempt from the confidentiality statute and corrects cross-references related to the disclosure of that information. 2. It removes the requirement that a tax table be used to calculate use tax reportable on individual income tax returns. The change applies to individual income tax years beginning on or after January 1, 2020. 3. It strikes references to losses in the Maine income tax law regarding the installment sale of Maine real or tangible property. Because a taxpayer must already report the entire loss in the year of the sale for both federal and Maine income tax purposes, what is purported to be an option to accelerate the claim of the loss under Maine income tax law has no purpose or practical effect. Removing the references to such losses clarifies the law and is intended to mitigate taxpayer confusion. 4. It clarifies that the net operating loss credit under the financial institutions franchise tax is computed by multiplying Maine net income by the applicable franchise tax rate. 5. It delays the State Tax Assessor's yearly reporting requirement for the tax credit for Maine shipbuilding facility investment until December 31st, clarifies that the report is for the tax year ending during the immediately preceding calendar year and defines the term "revenue loss" for the purposes of the State Tax Assessor's annual reporting requirement. These changes effect			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						consistency with the reporting requirements for the credit for major business headquarters expansion, as amended by Public Law 2017, chapter 375, and the credit for major food processing and manufacturing facility expansion. 6. It delays the State Tax Assessor's yearly reporting requirement for the tax credit for major food processing and manufacturing facility expansion until December 31st of each year, clarifies that the report is for the tax year ending during the immediately preceding calendar year and defines the term "revenue loss" for the purposes of the State Tax Assessor's annual reporting requirement. These changes effect consistency with the reporting requirements for the credit for major business headquarters expansion, as amended by Public Law 2017, chapter 375, and the credit for Maine shipbuilding facility investment. 7. It repeals the provision of law that requires the calculation of income tax using blended tax rates for fiscal year filers when there is a change in tax rate that does not refer to the first day of the taxable year. **Part D makes the following miscellaneous changes to the tax laws.** 1. It clarifies that one or more responsible individuals may be designated to collect trust fund taxes under the Maine Revised Statutes, Title 36, section 177. 2. It clarifies that the definition of "identified contract" applies to all of Title 36, section 194-D concerning Maine Revenue Services background investigations. 3. It clarifies that an additional background investigation is not required when a person who is currently employed by Maine Revenue Services applies for another position within Maine Revenue Services. 4. It codifies the practice of rounding the Maine estate tax exclusion amount cost-of-living adjustment to the nearest multiple of $10,000.			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
2010	2994	1/27	2/4	Tipping	An Act To Update References Contained in the Maine Revised Statutes to the United States Internal Revenue Code of 1986	This bill 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, 2019, for tax years beginning on or after January 1, 2019 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. **MRS chart distributed at PH lists major federal changes in 2019.** **MRS requests amendment to bring Maine standard deduction into conformity with increased federal standard deduction in certain disaster relief situations.** **Identical language in Part X of the supplemental budget bill.**	OTPA	Fiscal estimate FY 20 ($2.87 million) FY 21 ($2.225 million)	
2011	2993	2/6	2/18 3/4	Tipping	An Act To Update Certain Provisions in the Income Tax and Service Provider Tax Laws	This bill makes the following changes to the income tax and service provider tax laws. Part A updates, clarifies and simplifies the service provider tax law regarding consumer purchases of digital media by equalizing the tax treatment between the various modes of purchase for sales occurring on or after October 1, 2020. **MRS provided amendment to clarify "nexus."** **Maine Chamber of commerce proposed amendment.** Part B clarifies and simplifies the corporate income tax law by establishing clearly defined, objective nexus thresholds as a practical structure for the current general "economic nexus" standard. These so-called factor presence thresholds clarify the minimum thresholds that, when exceeded by a corporation, subject that corporation to the Maine corporate income tax. In addition, the new thresholds create a safe harbor for corporations with little activity within the State that nonetheless have nexus under current law due to a	OTPA/ OTPA	MRS estimates Part A: FY 21 $3.73 million FY 22 $5.8 million FY 23 $5.0 million Part B: negligible	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY **(Summaries may not reflect content of most recent committee action)**	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						small, but greater than de minimis, physical presence in the State. The new thresholds are: 1. $250,000 of property, $250,000 in payroll or $500,000 in sales in Maine, or 2. 25% of total property, payroll or sales in Maine, as determined under the Maine Revised Statutes, Title 36, chapter 821. The thresholds apply to tax years beginning on or after January 1, 2021. **MRS proposed amendment** **MRS indicates willingness to work with sponsor to incorporate a similar exclusion from LD 1993 (** Part C updates the individual income tax law by extending and aligning inflation indexing provisions in 2 respects. 1. the bill indexes the recently enacted dependent exemption tax credit for inflation. 2. the bill aligns inflation indexing for the lowest income tax brackets and the highest income tax brackets by allowing an additional one-year inflation adjustment for the highest income tax bracket, indexing the dollar amounts to the same inflation benchmark, the Chained Consumer Price Index for the 12-month period ending June 30, 2015. These changes apply to tax years beginning on or after January 1, 2021. Part D updates and simplifies Maine income tax law by conforming the Maine income tax with the federal net operating loss limitation. This Part applies retroactively to tax years beginning on or after January 1, 2018. MRS proposed amendment: Includes new Part E providing ST and SPT exemption for sales to all 501(c)(3) organizations. **2/18 Tabled for further consideration**		Part C: FY 21 $0 FY 22 ($1.04 million) FY 23 ($2.11 million) **$120,000 per year attributable to alignment of income tax brackets Remainder is indexing of dependent exemption credit.** Part D: FY 21 ($2.20 million) FY 22 ($1.00 million) FY 23 ($1.00 million)	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						Consider nexus provisions in conjunction with LD 1993			
2012	2995	1/27	2/4	Tipping	Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory	This resolve 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 through foreclosure by the State for nonpayment of property tax. .	OTPA	Fiscal estimate Revenue impact: Funds received from sale of properties accrues as dedicated revenue to the UTESF and reduces property taxes in the UT in future tax assessments. Administrative costs: Absorbed	
2045	3056	2/6	2/19	Tipping	An Act Relating to the Valuation of Certain Retail Property	This bill provides that, for property tax purposes, retail sales facilities in excess of 20,000 square feet must be valued based on their current use compared to similar properties in their retail market segment or, if vacant, according to their highest and best use. The assessor must consider the pool of potential buyers and sellers that typically buy or sell similar property and sales and rentals of similar properties. **MRS has concerns to bring to the attention of the Committee.** **Tabled for lack of Senator**	tabled	MRS estimates: Revenue impact: none provided Admin costs: Can be absorbed	
2047	2992	2/6	2/18	Tipping	An Act To Amend the State Tax Laws	This bill is submitted by DAFS and does the following. Part A authorizes MRS to disclose certain confidential tax information to the Bureau of Insurance as necessary to administer Maine's insurance taxes and the credit for disability income protection plans in the workplace. Part B clarifies that "eligible business equipment" under the BETE program does not include property to the extent it is eligible for exemption from property tax under any other provision of law and "qualified property" does not include any vehicle on which vehicle excise tax has been paid.	OTPA	MRS estimates: Revenue: Negligible Admin costs: None	

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						Part C allows a married taxpayer to claim a personal exemption deduction for that taxpayer's spouse when not filing a joint return, as long as the spouse has no gross income during the taxable year and, notwithstanding the temporary suspension of the federal personal exemption deduction through 2025, a personal exemption deduction may otherwise be claimed for the spouse for federal income tax purposes. This change applies to tax years beginning on or after January 1, 2020. It also amends the real estate withholding law, excepting buyers of real estate from the withholding requirement if the consideration paid for the property is less than $100,000. This increased threshold is effective for sales occurring on or after January 1, 2021. Part D allows Maine Revenue Services to set off any refund under Title 36 to cover a liquidated debt owed to another agency of the State. Under current law, only income tax refunds may be set off. Part D also corrects cross-references. Part E changes the reporting date by which the DECD must provide information under the Brunswick Naval Air Station job increment financing program to the State Tax Assessor from June 30th of each year to June 1st of each year. It requires DECD to provide information to the assessor necessary to determine the job tax increment under the program. It also establishes a requirement that businesses located in the base area report to the department by April 15th of each year the number of employees employed at the base area during the immediately preceding calendar year, the state income taxes withheld for each of those employees and any other information as may be reasonably required by the department for purposes of administering the program. Part E repeals the requirement that the State Tax Assessor issue a Pine Tree Development Zone benefits report annually on October 1st. Part E also changes the date by which businesses under the ETIF Program must report required information to the Department of Economic and Community Development from April 15th of each year			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						to March 15th of each year. Part E also establishes May 15th of each year as the date by which the department must provide information to the State Tax Assessor necessary for making determinations of eligibility for reimbursement under the program. Part F reduces from 60 days to 15 days the time that a taxpayer with a final tax liability exceeding $1,000 has to cooperate with Maine Revenue Services in a plan for liquidating the tax liability before the State Tax Assessor may notify certain licensing authorities of the taxpayer's lack of cooperation, thereby beginning the license revocation process. Part G specifies that the filing due date is the original due date, without regard to any extension, for purposes of calculating the statute of limitations for assessments and income tax refunds. This Part applies retroactively to tax years beginning on or after January 1, 2017. Part H makes changes to the real estate transfer tax imposed by Title 36, chapter 711-A, in order to require the filing of real estate transfer tax returns with the State Tax Assessor and the payment of the tax to the State Tax Assessor instead of to the register of deeds for the county in which the real estate being transferred is located. It requires the register of deeds to verify with the State Tax Assessor that the tax liability imposed on the transfer of real property is satisfied before recording the deed transferring the real estate. It directs the State Tax Assessor to prescribe real estate transfer tax returns, removes the statutory requirements to include signatures and taxpayer identification numbers on those forms and clarifies that the value of the real estate transferred must be on the declaration of value. Part H also provides that the State Tax Assessor is required to develop the computer systems infrastructure necessary to implement the changes made by this Part within 4 years; the changes made by this Part do not take effect until 90 days after the assessor certifies that the computer systems have been developed.			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						Part I makes the following changes to the credit for major food processing and manufacturing facility expansion. 1. It clarifies the definition of "qualified investment." 2. It clarifies the effect of a certificate revocation. 3. It changes the cumulative credit limit for a single certificate. 4. It clarifies a certified applicant's reporting requirements.			
2061	3098	2/76	2/18 ¾ 3/5	Jackson	An Act Regarding the Transportation of Products in the Forest Products Industry	This bill provides that land of a landowner that owns 50,000 or more acres of forest land in the State and allows transportation of forest products harvested on the landowner's land from a location in the State to another location in the State in violation of federal law or regulation or an international trade agreement: A. Is ineligible for classification under the Maine Tree Growth Tax Law and B. May not receive BETR reimbursement, income tax credits or receive state grants or other state funding. **MRS has "major concerns" to present to the Committee** **DACF has concerns (2/14/20 email)** **2/18 Tabled No discussion**	OTPA/ ONTP	MRS estimates: Administrative costs: Significant (at least $33,000 regarding income tax credit exclusion) Revenue impact: Not provided	
2123	3084			Jackson	An Act To Create Fairness in the Revitalization of Maine's Paper Industry	This bill creates a refundable income tax credit for a paper manufacturer that: 1. Makes qualifying investments before January 1, 2024 of at least $15,000,000 to acquire, modernize or improve the machinery used for the production of paper products at paper manufacturing facilities in this State; 2. Employs at least 400 employees at a paper manufacturing facility in this State, at least 75% of whom earn at least 115% of the most recent annual per capita personal income in the county in which the qualified employee is employed;			

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY19	FY120
						3. Is located in an area of the State with high unemployment that is not a low-income community that qualifies under the federal new markets tax credit program; 4. Does not receive a Maine new markets capital investment credit for the same investment; and 5. Is headquartered or will be headquartered in this State. The refundable credit is equal to 4% of the qualified investment per year for 10 years, subject to certain limitations, such as a cap of $40,000,000 on the total investment eligible for the credit for all taxpayers, for a maximum of aggregate credit claimed of $1,600,000 per year.			
2127	3161			Berry	An Act To Support Farmland Preservation by Allowing the Siting of Solar Energy Installations on Land Enrolled in the Farm and Open Space Tax Law Program	This bill allows the siting of “approved solar energy installations” on land classified as farmland under the farm and open space tax law as of 4/1/20 without requiring the portion of the parcel on which the solar energy installation is located to be withdrawn from the farm and open space tax law program. An “approved solar energy installation” is the sitng of solar energy equipment that : 1. Meets rules to be established by DACF 2. Occupies no more than 50% of farmland consisting of “agricultural soil” 3. Does not occupy more than 10 acres of wooded portions of the parcel 4. Is not located is a significant wild life habitat. habitat of an endangered or threatened species, a rare or exemplary natural community or ecosystem or a shoreland zone.			
2161	3287			Tipping	An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2020-21	This bill 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 constitute the property tax for the unorganized territory.			