

Shaded LDs have been voted on by the Committee

WS 3/16/21

TAXATION COMMITTEE

jsj 3/15/2021 3:53 PM

130th LEGISLATURE

1st REG SESSION

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
141	111			Terry	An Act To Make Technical Changes to the Tax Laws	<p>This bill is submitted by MRS:</p> <p>This bill makes technical changes to the tax laws.</p> <p>MRS CHART SUMMARIZING CHANGES POSTED ON COMMITTEE MATERIALS WEBPAGE AND PROPOSED AMENDMENT http://legislature.maine.gov/9710</p> <p>Part A, For changes to the <u>income tax law</u>:</p> <ol style="list-style-type: none"> 1. Authorizes the Department of Administrative and Financial Services, Maine Revenue Services to disclose information to the Finance Authority of Maine necessary for the administration of the seed capital investment tax credit in the Maine Revised Statutes, Title 36, section 5216-B. The authority is responsible for certifying investments that are eligible for the credit; 2. Amends Title 36. section 5164, subsection 2, a provision of the Maine fiduciary income tax law, to incorporate gender-neutral terms, delete a duplicate word and make other technical textual changes; 3. Repeals the additional tax on lump-sum retirement plan distributions, which does not apply to tax years beginning after 2012; 4. Repeals the additional tax on early distributions from qualified retirement plans, which does not apply to tax years beginning after 2012; 5. Clarifies that, for both the tax imposed on insurance companies pursuant to Title 36, chapter 357 and on persons pursuant to Title 36, Part 8, for purposes of the employer credit for family and medical leave, "employees based in the State" 			

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

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						<p>means employees that perform more than 50% of employee-related activities for the employer at a location in Maine. This change reflects administrative practice since implementation of the credit;</p> <p>6. Clarifies that a nonresident estate or trust that does not have Maine taxable income or a Maine income tax liability must nonetheless file a Maine income tax return if the estate or trust has distributable net income derived from or connected with sources in Maine and gross income of \$10,000 or more. This change reflects long-standing administrative practice; and</p> <p>7. Amends Title 36, sections 5221 and 5228 to incorporate gender-neutral terms.</p> <p>Part B, changes to the <u>sales tax law</u>:</p> <ol style="list-style-type: none"> 1. Amends the diabetic supplies exemption to require use by the purchaser; 2. Includes in Title 36 the effective date of 3 sales tax exemptions enacted in the First Regular Session of the 129th Legislature that did not take effect until after the adjournment of the Second Regular Session of the 129th Legislature and repeals conflicting public law provisions; 3. Clarifies the exemptions for nonprofit worldwide charitable organization; and 4. Removes the Mayo Regional Hospital in Dover-Foxcroft from the hospital tax definition of "municipally funded hospital." <p>Part C, changes to the <u>property tax law</u>:</p> <ol style="list-style-type: none"> 1. Clarifies that the local assessor qualifying examination and individual examination results are confidential and thus not producible under a Freedom of Access Act request; 2. Clarifies that enhanced business equipment tax exemption reimbursement only applies to tax increment financing exempt business equipment when the reimbursement is used to fund a tax increment financing development program. <p>Part D, <u>general changes to tax law</u>:</p>			

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						<p>1. Updates Title 36, section 173, concerning <u>collection by warrant</u>, to clarify the intent and make technical changes; and</p> <p>2. <u>Repeals requirement that TAX Committee report out a bill permanently eliminating corporate tax expenditures totaling \$6,000,000 per biennium by February 6, 2016.</u></p> <p><u>MRS Proposed Amendment to Part C to ensure taxpayer identification numbers included in Commercial Forestry Excise Tax return are confidential.</u></p>			
412	606	3/1		Carlow	An Act To Authorize the Use of Tax Increment Financing Funds for Constructing or Renovating Municipal Offices and Other Buildings	<p>This bill:</p> <ol style="list-style-type: none"> Permits revenue from tax increment financing districts to be used for the construction or renovation of municipal offices or other buildings and Limits the revenue that may be used for those purposes to \$1,000,000 during a 20-year period for any one tax increment financing district. <p>The bill also corrects a conflict in the Maine Revised Statutes, Title 30-A, section 5225, subsection 1, paragraph C, which was amended by Public Law 2019, chapter 604 and chapter 625, by incorporating the changes made by both laws.</p>			

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418	782	3/1		Williams	An Act To Create a Graduated Real Estate Transfer Tax	<p><u>CURRENT LAW:</u></p> <ol style="list-style-type: none"> 1. Current <u>rate of real estate transfer tax</u> is \$2.20 per \$500 of value of the real property transferred for both buyer and seller. 2. Distribution: Default distribution of tax revenue <ol style="list-style-type: none"> A. 10% retained by county B. 45% to GF C. 45% to HOME Fund at MeSHA for housing assistance. <p>Over the last 10+ years, funds have frequently been diverted from the GF and the HOME Fund for other purposes. See compendium. http://legislature.maine.gov/doc/6065</p> <p><u>This bill:</u></p> <ol style="list-style-type: none"> 1. <u>Decreases the rate</u> of the real estate transfer tax on the <u>first \$150,000 of value</u> of a <u>primary residence</u> to \$1.50 for each \$500 or fractional part of \$500 of the value, <u>and</u> 2. <u>Increases the tax rate on the value of a primary residence exceeding \$150,000 and on all other property</u> to \$2.50 for each \$500 or fractional part of \$500 of the value. <p><u>At public hearing Rep. Kessler indicated he would be working with sponsor on an amendment.</u></p>			