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**130<sup>th</sup> 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 <sup>1</sup>	
								FY22	FY23
147	109	5/12		Terry	An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes and Amend Income Tax Modifications and the Maine Capital Investments Tax Credit	<p><u>Bill submitted by DAFS:</u> The bill <u>updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes</u>, Title 36 to refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2020, for tax years beginning on or after January 1, 2018 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended.</p> <p><u>Sponsor indicated at PH that this bill is no longer needed because conformity was enacted in a prior budget bill.</u></p> <p><u>Sponsor requests ONTP.</u></p>			
229	435	4/2	4/6	Farrin	An Act To Increase Investment Caps in the Maine Seed Capital Tax Credit Program	<p>This bill increases the annual cap on eligible investment in any one business eligible for the seed capital tax credit from \$2,000,000 to \$3,000,000 and the aggregate cap on eligible investment in any one eligible business from \$3,500,000 to \$6,000,000.</p> <p><u>CURRENT LAW:</u> Applies to investments by both individuals and private venture capital funds</p> <p>1. Cap on aggregate investment in one business is \$3,500,000 and not more than \$2,000,000 in one year.</p> <p>4/6 Tabled for more information/OPEGA report</p> <p>4/27 Sponsor proposed amendment . Allows investments approved by FAME before 4/1/2020 to be eligible for previous higher cap.</p>	tabled		

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

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418	782	3/2		Williams	An Act To Create a Graduated Real Estate Transfer Tax	<p><b>CURRENT LAW:</b></p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Distribution: Default distribution of tax revenue <ol style="list-style-type: none"> <li>A. 10% retained by county</li> <li>B. 45% to GF</li> <li>C. 45% to HOME Fund at MeSHA for housing assistance.</li> </ol> </li> </ol> <p>Over the last 10+ years, funds have been diverted from the GF and the HOME Fund for other purposes. See compendium. <a href="http://legislature.maine.gov/doc/6065">http://legislature.maine.gov/doc/6065</a></p> <p><b>This bill:</b></p> <ol style="list-style-type: none"> <li>1. <u>Decreases the rate</u> of the real estate transfer tax on the <u>first \$150,000 of value of a primary residence</u> to \$1.50 for each \$500 or fractional part of \$500 of the value, <u>and</u></li> <li>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.</li> </ol> <p>Last information: Rep. Kessler working with sponsor and MRS on an amendment?</p>			
1334	1105	5/13		Salisbury	An Act To Promote Economic Development through Increased Film Incentives	<p><b>CURRENT LAW</b> provides:</p> <ol style="list-style-type: none"> <li>1. <u>Nonrefundable income tax credit</u> equal to 5% of <u>nonwage visual media production expenses</u> (VMPE) if company has more than \$75,000 VMPE.</li> <li>2. <u>Reimbursement for certified production wages:</u> 12% for wages paid to Maine residents and 10% for wages paid to nonMaine residents.</li> </ol> <p>This bill makes <u>multiple changes to the tax credits</u> available to <u>visual media production companies</u> operating in the State.</p> <ol style="list-style-type: none"> <li>1. The bill makes the available tax credits refundable,</li> </ol>			

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						<p>2. increases the credits for certain expenses incurred in Maine and for hiring residents of Maine and</p> <p>3. offers additional credits for visual media productions that are located in certain Maine counties, are set in Maine or have a lead cast member, writer or director who is a Maine resident.</p> <p>The bill also</p> <ol style="list-style-type: none"> <li>1. reduces the total expenditures needed to qualify for the credits,</li> <li>2. extends the time period for visual media production companies to certify with DECD and</li> <li>3. sets a \$500,000 limit on the total value of the tax credits that increases to \$1,000,000 after January 1, 2026.</li> </ol> <p>The bill makes other changes necessary for these provisions.</p> <p><u>Sponsor has proposed amendment.</u></p>			
1337	103	4/14		Kessler	An Act To Increase Affordable Housing and Reduce Property Taxes through an Impact Fee on Vacant Residences	<p>This bill <u>creates a residential vacancy impact fee for certain vacant residential property.</u></p> <p>Property is “vacant” if it has not been occupied by a permanent resident at least 180 days during the previous calendar year.</p> <p><u>Vacancy fee is 0.5% of the equalized value of the residential property</u> (excluding land value)each year</p> <p>The <u>revenue from the impact fee</u> after reduction for administrative costs, is <u>distributed</u>:</p> <ol style="list-style-type: none"> <li>1. 50% to the HOME fund to be used to <u>fund affordable housing activities</u> and</li> <li>2. 50% to the Local Government Fund to be used to <u>reimburse municipalities for the Maine residents homestead property tax exemption</u> (usual revenue sharing distribution formula -- not directly tied to homestead exemption).</li> </ol> <p><u>MRS is required to submit a report to the TAX Committee by 12/1 after the first full year after</u></p>			

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						<p>imposition of a vacancy impact fee identifying <u>experience with the impact fee</u></p> <p>STA, MeSHA and State Treasurer required to submit <u>data reports to OPEGA</u>.</p> <p>The bill also <u>requires the impact fee to be evaluated</u> by the Office of Program Evaluation and Government Accountability in the same manner as are tax expenditures and identifies policy objectives and performance measures.</p> <p><u>OPEGA notes</u> that the impact fee is not a tax expenditure and different procedure should be followed.</p> <p>MRS raises concerns about administrative responsibilities, drafting concerns, state mandate requirements and constitutional concerns.</p>			
1406	847	5/12		Stewart	An Act To Encourage Relocation to Rural Maine	<p>This bill creates a <u>refundable income tax credit</u> for up to 5 years for a <u>person who relocates from a location that is not a rural area to a location that is a rural area</u>.</p> <p>The credit is equal to</p> <ol style="list-style-type: none"> <li>1. the <u>lesser of the person's property tax bill</u> in the rural area <u>or \$2,000</u></li> <li>plus</li> <li>2. lesser of the persons <u>Internet connectivity expenses or \$1,000</u>.</li> </ol> <p>The credit <u>may be claimed for a total of 5 years</u> for a person who moves from outside a rural area to a residence within a <u>rural area, defined as Aroostook County, Somerset County, Piscataquis County and Washington County</u>.</p> <p>Credit begins with 1/1/22 tax years.</p>			

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1598	1695	5/12		Terry	An Act To Eliminate Taxpayer Subsidies for Discriminatory Employers	<p>This bill provides that <u>persons that violate laws against discrimination or certain labor laws are not eligible for certain state financial assistance.</u></p> <p><u>Exclusions apply for violation of:</u></p> <ol style="list-style-type: none"> <li>1. Maine Human Rights Act</li> <li>2. Employment Practices under the DoL</li> <li>3. Federal civil rights law US EEOC</li> <li>4. Fair Labor Standards Act US DOL</li> </ol> <p><u>Excluded benefits include:</u></p> <ol style="list-style-type: none"> <li>1. Prohibition on receiving State grants if found to have engaged in discriminatory practices.</li> <li>2. Excluded from BETE</li> <li>3. Excluded from eligibility for income tax credits</li> <li>4. Excluded from BETR</li> </ol> <p>MRS indicates "significant technical concerns."</p>		<p>MRS preliminary fiscal impact</p> <p>Admin                      \$44,000</p> <p>Revenue impact      Not available</p> <p>Grant impact            No information</p>	

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