

TAXATION COMMITTEE

MLS 5/25/2021 7:14 AM

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
241	1198	3/18	3/25	Curry	An Act To Support the Trades through a Tax Credit for Apprenticeship Programs	<p>This bill provides:</p> <ol style="list-style-type: none"> 1. <u>income tax credit</u> 2. <u>up to \$2,500 (based on % of hours worked during year)</u> 3. for an <u>employer employing an apprentice participating</u> in an apprenticeship program registered by the Maine Apprenticeship Program administered by the Maine Department of Labor. <p>Begins with TY 2022.</p> <p>MRS has technical concerns; need for clarification.</p>	tabled	Preliminary MRS estimate Admin. costs (one time): \$33,000 Revenue loss: \$1.5 million/year	
290	346	5/12		Stewart	An Act To Stabilize Property Taxes for Individuals 65 Years of Age or Older Who Own a Homestead for at Least 10 Years	<p>This bill requires a municipality to <u>maintain the property tax on a homestead at the amount billed in the year prior to an application</u> for stabilization if the owner is:</p> <ol style="list-style-type: none"> 1. <u>A permanent resident of the State</u> 2. <u>Who is at least 65 years of age</u> 3. <u>Has owned the homestead for at least 10 years</u> 4. <u>Requests stabilization</u> <p><u>The amount by which the property tax assessed exceeds the stabilized amount must be paid to the municipality by the State.</u></p> <p><u>If an eligible individual moves to a different municipality, the stabilized property tax amount continues at the new location.</u></p> <p><u>An application for stabilization must be made each year to continue eligibility.</u></p> <p>MRS has technical and legal concerns</p>		MRS preliminary fiscal impact Admin costs: \$90,000 to \$100,000 State mandate costs Municipal reimbursement for revenue loss	

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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						Possible constitutional concerns			
798	334	4/27	5/4	Pouliot	An Act To Improve the Educational Opportunity Tax Credit	<p>This bill <u>replaces current IT credit for educational opportunity</u> for tax years beginning on or after January 1, 2022.</p> <p>The bill <u>creates a new simplified tax credit for student loan repayment</u> applicable to tax years beginning on or after January 1, 2022. It provides that taxpayers who were eligible for a refundable credit under the credit for educational opportunity may continue to receive a refundable credit for tax years beginning before January 1, 2024.</p> <p>ELEMENTS OF NEW CREDIT:</p> <ol style="list-style-type: none"> 1. A <u>qualified individual</u> 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 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. 2. <u>Loans obtained from related persons</u>, such as family members, and certain businesses, trusts and exempt organizations, <u>do not qualify</u> for the credit. 3. The credit is <u>not refundable</u>. 4. The <u>credit allowed for qualified individuals</u> is the <u>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.</u> 5. The <u>credit allowed for employers</u> is the <u>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, 2021.</u> 6. The <u>credit is available to the spouse</u> of an individual eligible for a credit even if the spouse is not employed. 	tabled	<p>MRS preliminary fiscal impact</p> <p>Admin costs: nominal can be absorbed</p> <p>Revenue impact: Not available</p> <p>The bill also provides an appropriation of \$75,000 annually to FAME to market the tax credit.</p>	

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						<p>7. <u>Income tax deductions are provided 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.</u></p> <p>8. <u>The annual credit may include loan amounts paid in excess of the amount due during a taxable year.</u></p> <p>9. <u>Credits in excess of those that may be used during a taxable year may be carried over for the next succeeding 5 years.</u></p>			
978	649	4/2	4/6	Hepler	An Act To Create an Access to Justice Income Tax Credit	<p>This bill provides an <u>income tax credit for 5 years</u> for:</p> <ol style="list-style-type: none"> <u>Attorneys who practice law in the State and</u> <u>Agree to practice for at least 5 years in an underserved area of the State as determined by the Supreme Judicial court.</u> <u>On roster to accept court appointments in underserved areas</u> <u>Agree to perform pro bono services in underserved areas</u> <u>Is certified annually by Supreme Judicial Court as eligible</u> <p>Eligibility for the credit is open from 2022 through 2027. The court may certify <u>up to 5 eligible attorneys each year</u>. Supreme Judicial Court <u>reports to TAX and TAX is directed to review the effectiveness</u> of the credit and may submit legislation to extend or revise it.</p> <p>MRS has concerns</p> <p>4-6 Tabled for more work by sponsor</p>	tabled	MRS preliminary estimate	Admin: Nominal/ absorbed Revenue: Not provided (insignificant?)
1222	246	5/12		Black	An Act To Reduce Property Taxes of Seniors in an Amount Equal to the Cost of Education	<p>This bill provides a <u>property tax "exemption"</u> for</p> <ol style="list-style-type: none"> <u>individuals 65 years of age or older</u> <u>equal in value to the amount of those taxes the municipality in which the real estate is located would otherwise use to fund its public schools.</u> 		MRS preliminary fiscal impact	Admin costs: \$75,000 to \$125,000 Reimbursement to municipalities likely to be substantial.

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						<p>The bill applies to <u>property tax years beginning on or after April 1, 2021.</u></p> <p>Raises constitutional concerns.</p>			
1569	1866	5/18		Gramlich	An Act Regarding an Excise Tax on Water Extracted for Commercial Bottling	<p>This bill creates an <u>excise tax of 5¢ per gallon</u> of water <u>extracted by bottled water operators for the privilege of extracting water for commercial bottling for sale.</u></p> <p>Tax applies to bottled water operators who extracted more than 1,500,000 gallons of water in the previous calendar year.</p> <p>"Bottled water operator" is a person engaged in the business of bottling or packaging water for sale.</p> <p>MRS has technical concerns.</p>		MRS preliminary fiscal impact	Admin: Potentially significant Revenue impact: Not available
1651	1495	5/18		Vitelli	An Act To Support Working Families through Outreach and Education about Tax Credits for Persons of Low Income	<p>This bill provides <u>eligibility for the earned income tax credit to individuals who are immigrants who file federal income tax returns using a federally assigned individual taxpayer identification number.</u></p> <p>This bill provides <u>ongoing funds of \$150,000 per year beginning in fiscal year 2021-22 to the New Ventures Maine program within the University of Maine System for a statewide collaboration of nonprofit and for-profit partners to provide:</u></p> <ol style="list-style-type: none"> 1. <u>free volunteer tax assistance, including the filing of state tax returns;</u> 2. <u>outreach to low-income individuals and families about federal and state tax credits;</u> 3. <u>financial education,</u> 4. <u>connections to financial services and other resources;</u> 5. <u>education for providers and volunteers; and</u> 6. <u>statewide data collection.</u> <p>The bill also requires the <u>New Ventures Maine program to submit an annual report describing its activities in the previous calendar year in providing tax assistance to low-income individuals and families.</u></p> <p>MRS has technical concerns.</p>		MRS preliminary fiscal impact	Not available

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1667	1217	5/18		Sheehan	An Act To Create a Tax Credit for Maine Workers Who Have Earned Certificates from Accredited Institutions	<p>This bill <u>creates the Educational Certificate Tax Credit Program</u>, modeled on the Job Creation Through Educational Opportunity Program, <u>for workers who receive a certificate from an accredited postsecondary educational institution denoting completion of a course of study required for an occupation or to enter or advance in an occupation.</u></p> <p><u>Credit is based on loan payments for loans that are part of individual's financial aid package</u></p> <p><u>Credit for individuals is lesser of:</u> 1. monthly benchmark loan payments or 2. monthly actual loan payment</p> <p><u>Credit for employer:</u> actual monthly loan payments made directly to lender for employee</p> <p><u>Reports required:</u> 1. Colleges and universities report info to DoE 2. DoE reports findings and recommendations to Legislature (EDU and TAX) 3. DAFS, Office of Tax Policy reports implementation and statistics to Legislature (EDU and TAX). In conjunction with State Economist and DoL, must include analysis of costs of the credits and impact on State's labor force. TAX and EDU may report out bills.</p> <p>MRS has technical concerns.</p>		MRS preliminary fiscal impact Admin costs: \$33,000 Revenue impact:: Not available	
1678	718	5/18		Millett	An Act To Support Child Care Providers and School Readiness through Tax Credits	<p>This bill does the following for quality child care services, beginning in 2022.</p> <p>1. It provides a <u>refundable tax credit of \$1,000 to \$2,000 per eligible child to child care providers that provide services to children whose parents are participating in the child care subsidy program</u> operated by the Department of Health and Human Services, Office of Child and Family Services or foster children in the custody of the Department of Health and Human Services. The <u>amount of the credit is based on the</u></p>		MRS preliminary fiscal impact Admin costs: \$200,000+ Revenue impact: not available	

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						<p>quality of the child care provider as determined pursuant to a quality rating and improvement system based on standards for center-based child care programs developed by the Department of Health and Human Services, Office of Child and Family Services.</p> <p>2. It provides a refundable tax credit of \$1,000 to \$5,000 to administrators, educators and other professional support staff of child care providers that provide services to children whose parents are participating in the child care subsidy program operated by the Department of Health and Human Services, Office of Child and Family Services or foster children in the custody of the Department of Health and Human Services. The amount of the credit is based on individual qualification score lattices developed and established for administrators, management, owners and coordinators and educators and other support staff of child care facilities through a collaborative partnership between the Cutler Institute of Health and Social Policy at the University of Southern Maine, the University of Maine Center for Community Inclusion and Disability Studies and the Department of Psychology at the University of Maine.</p> <p>3. It amends the current income tax credit for child care expenses to allow a taxpayer to obtain a credit of between 50% and 200% of the federal tax credit, depending on the quality rating of the child care site providing child care services for the child of the taxpayer. Current law allows up to 50% of the federal tax credit if the child care expenses are incurred through the use of quality child care services.</p> <p>4. It provides a tax credit of a percentage of expenses paid by an employer to provide child care and education services to the children of its employees, either on site, at a facility licensed or registered with the Department of Health and Human Services or through child care resource and referral services or vouchers for the purpose of paying for child care and education services. The percentage of expenses that may be taken by the employer is determined by the quality rating of the child care facility.</p>			

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						<p>5. It <u>indexes for inflation the dollar amounts</u> of the tax credits beginning annually in 2023.</p> <p>6. It requires the Office of Child and Family Services to notify the State Tax Assessor immediately of any changes to the grading and scoring systems used to determine child care-related tax credits and requires the office, after consultation with the assessor, to submit a report and suggested legislation to implement the changes to the grading and scoring systems.</p> <p>7. It <u>requires the OPEGA</u>, beginning in 2025, to <u>review</u> the tax credits provided by this legislation to <u>determine</u> whether the specific public policy objectives and economic benefit of the credits outweigh the loss of revenue to the State and <u>annually report</u> its findings to the joint standing committee of the Legislature having jurisdiction over taxation matters.</p> <p>MRS has technical concerns.</p> <p>OPEGA has concerns</p>			
1689	1329	5/18		Maxmin	An Act To Ensure Equity in the Clean Energy Economy by Providing a Limited Tax Exemption for Certain Clean Energy Infrastructure Projects	<p>This bill allows <u>a sales tax refund or exemption</u></p> <p>1. to a person who purchases <u>machinery or equipment</u></p> <p>2. <u>for direct use in the development and construction of a clean energy product.</u></p> <p>The exemption or refund is <u>equal to 75% of the sales tax otherwise due.</u></p> <p>"<u>Clean energy project</u>" is defined as the development and construction of infrastructure for the generation, storage, transformation or transmission of electricity generated using</p> <ol style="list-style-type: none"> 1. fuel cells, 2. wind, 3. solar cells, 4. biomass, 5. tides or waves, 6. geothermal resources 		MRS preliminary fiscal impact	Not provided

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						<p>7. or technology that converts otherwise lost energy from exhaust.</p> <p><u>Eligibility for the exemption or reimbursement is administered by the Department of Labor.</u> DoL must issue a certificate that the person qualifies for the exemption or refund. Applicant must:</p> <ol style="list-style-type: none"> 1. demonstrate to the DoL that the clean energy project 2. results in a meaningful economic impact on an overburdened community, as defined; 3. supports local manufacturing; 4. and is developed under a community benefits agreement or project labor agreement. 5. <p><u>The applicant may also apply to the STA for a certificate of eligibility for an exemption instead of a refund.</u></p> <p><u>The bill requires the Governor's Office of Policy Innovation and the Future to develop a detailed supply chain manufacturing assessment of how the State can support existing manufacturing and attract additional manufacturing associated with renewable energy industries, including, but not limited to, heat pumps and solar, offshore wind, hydrogen and tidal power.</u></p> <p>MRS has numerous technical concerns.</p>			
1713	521	5/20		Jackson	An Act To Increase Workforce Skills for the Revitalization of Maine's Paper Industry through the Establishment of an Income Tax Credit for Paper Manufacturing Workforce Training	<p>This bill creates a <u>refundable Maine income tax credit</u> for:</p> <ol style="list-style-type: none"> 1. <u>Paper manufacturers</u> 2. <u>providing workforce training</u> to employees 3. as long as certain employment and wage levels are met. <p><u>The income tax credit is equal to the amount of workforce training wages paid</u> to certain employees each year and is subject to a <u>limit of \$2,000,000 per year among all eligible employers and \$12,000,000 in total.</u> The income tax credit is subject to ongoing legislative review.</p> <p>This bill also requires employers receiving the income tax credit to file annual reports with the Commissioner</p>			

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						<p>of Economic and Community Development and requires the commissioner and State Tax Assessor to annually report to the joint standing committee of the Legislature having jurisdiction over taxation matters certain statistics and data related to the income tax credit.</p> <p><u>SPONSOR PROPOSED AMENDMENT</u> <u>Credit is based on qualified investment rather than workforce training expenditures.</u></p> <p><u>Qualified investment must be at least \$15,000,000 before 1/1/24 to acquire, modernize or improve machinery used to produce paper.</u></p> <p>Must employ at least 400 employees at least 75% of whom earn at least 115% of annual per capita personal income for the county where employed</p> <p>Must not be located in a "low-income" community as defined in federal new markets credit law.</p> <p><u>Must be headquartered in Maine</u></p> <p><u>Cumulative credits for all certified applicants may not exceed \$1,600,000 per year or \$16,000,000 in total</u></p>			

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