WS 1/27/22

TAXATION COMMITTEE
1/26/2022 2:32 PM

130th LEGISLATURE **BILLS CARRIED OVER IN TAX**
1st REG AND SPECIAL SESSIONS

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT[1]	
								FY22	FY23
798	334	4/27	5/4 5/25	Pouliot	An Act To Improve the Educational Opportunity Tax Credit	This bill replaces current IT credit for educational opportunity for tax years beginning on or after January 1, 2022. The bill creates a new simplified tax credit for student loan repayment 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. ELEMENTS OF NEW CREDIT: 1. 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 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. Loans obtained from related persons, such as family members, and certain businesses, trusts and exempt organizations, do not qualify for the credit. 3. The credit is not refundable 4. The credit allowed for qualified individuals is 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.	tabled/ CO?	MRS preliminary fiscal impact Admin costs: nominal can be absorbed Revenue impact: Not available	

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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						5. The credit allowed for employers is 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, 2021. 6. The credit is available to the spouse of an individual eligible for a credit even if the spouse is not employed. 7. 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. 8. The annual credit may include loan amounts paid in excess of the amount due during a taxable year. 9. Credits in excess of those that may be used during a taxable year may be carried over for the next succeeding 5 years. The bill also provides an appropriation of $75,000 annually to FAME to market the tax credit. 1.			
			1/27/22	SECOND REGULAR SESSION		**PROPOSED COMMITTEE AMENDMENT 1/27/22 (POULIOT)** 2. Changes dates to reflect carryover delay 3. Changes new credit to provide a refundable credit of $2,500 for individuals receiving a BA, AA or graduate degree after 2007. 4. Credit for employers is eliminated. 5. Appropriation to FAME for marketing is eliminated.			
1423	1104	5/13	5/26	McCreight	An Act To Prevent and Reduce Tobacco Use by Ensuring Adequate Funding for Tobacco Use Prevention and Cessation Programs and by Raising the Tax on Tobacco Products and To Provide Funding To Reduce	This bill ensures future funding for the existing Tobacco Prevention and Control Program administered by the Department of Health and Human Services, Bureau of Health may not be less than the lesser of:	OTPA/ ONTP	MRS preliminary fiscal impact Not provided	

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					Disparities in Health Outcomes Based on Certain Factors	1. the actual revenue collected on the sales of all tobacco products plus available funds in the Fund for a Healthy Maine or 2. the amount of funding for state tobacco control programs as determined by the US DHHS, Centers for Disease Control and Prevention and recommended for Maine, This bill increases the cigarette tax from $2.00 per pack of 20 cigarettes to $4.00 per pack of 20 cigarettes, beginning November 1, 2021. Because the tax on other tobacco products is determined by the tax on cigarettes, this bill, by operation of law, increases the tax on other tobacco products, such as cigars and smokeless tobacco, by the same percentage change as the increase in the tax on cigarettes. Finally, this bill provides funding in fiscal years 2021-22 and 2022-23 to Maine CDCP as follows: 1. For the purposes of tobacco use prevention and cessation, $7,000,000 annually in order to attain the amount of funding recommended by the federal Centers for Disease Control and Prevention; and 2. To allow the center to research, identify and reduce health disparities in health care outcomes based on race, ethnicity, sexual orientation, gender identification, income, educational attainment or geographic location, $10,000,000 annually, but only for the 2022-2023 biennium. LD 1693 in HHS Committee also increases the tax on cigarettes and tobacco products by the same amount as this bill. Establishes "Trust for a Healthy Maine." LD 1693 was tabled in HHS on 5/20. RECOMMITTED TO TAX A.			
			1/27/22	SECOND REGULAR SESSION		**PROPOSED COMMITTEE AMENDMENT 1/27/22 (McCREIGHT)** 1. Changes dates to reflect year carryover delay			

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						2. Removes provisions increasing cigarette and tobacco taxes 3. Retains provision that future funding for the existing Tobacco Prevention and Control Program administered by the Department of Health and Human Services, Bureau of Health may not be less than the lesser of: A. the actual revenue collected on the sales of all tobacco products plus available funds in the Fund for a Healthy Maine and B. the amount of funding recommended for state tobacco control programs as determined by the US DHHS, Centers for Disease Control and Prevention,			
1678	718	5/18	2022: 1/27	R. Millett	An Act To Support Child Care Providers and School Readiness through Tax Credits	This bill does the following for quality child care services, beginning in 2022. 1. It provides a 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 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 the 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. 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		MRS preliminary fiscal impact Admin costs: $200,000+ Revenue impact: not available	

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						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. 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. 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. 5. It indexes for inflation the dollar amounts of the tax credits beginning annually in 2023. 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. 7. It requires the OPEGA, beginning in 2025, to review the tax credits provided by this legislation to determine whether the specific public policy objectives and economic benefit of the credits outweigh the loss of revenue to the State and annually report its findings to the joint standing committee of the Legislature having jurisdiction over taxation matters.			

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						MRS has technical concerns. OPEGA has concerns			
			1/27/22		SECOND REGULAR SESSION	**PROPOSED COMMITTEE AMENDMENT 1/27/22 (R. MILLETT))** 1. Changes dates to reflect delay due to carryover. 2. Modifies definition of "providing child care services" as It applies to employers 3. Changes calculation of credit for an employer who pays costs of quality child care sites by providing that it is the lowest of a. A percentage based on the site's quality rating b. $1,000 for each child of an employee for which costs are incurred by the employer or c. $10,000. 4. Permits carryover of unused credits			

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