

Shaded LDs have been voted on by the Committee

# PH 2/1/2022

**TAXATION COMMITTEE  
130<sup>th</sup> LEGISLATURE  
2nd REG SESSION**

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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
1757	2202	2/1		Terry	An Act To Make Technical Changes to Maine Tax Laws	<p><u>Part A</u> of this bill repeals a provision that authorizes the Department of Administrative and Financial Services, Maine Revenue Services to divulge certain <u>taxpayer information</u> to the Treasurer of State <u>for the purpose of administering the Maine unclaimed or abandoned property law</u>. This information would often include federal tax information, which, under federal restrictions, may not be divulged.</p> <p><u>Part B</u> of the bill makes changes to the property tax laws. <u>Part B:</u></p> <ol style="list-style-type: none"> <li><u>Reduces the mandatory number of assessor certification exams Maine Revenue Services is required to hold from 4 to 2 per year;</u></li> <li><u>Clarifies the amount of tax that must be paid when a taxpayer appeals a denial of abatement;</u> and</li> <li><u>Makes technical changes, such as removing obsolete references to state property tax, gender-specific references and other obsolete language.</u></li> </ol>			
1917		2/1		Terry	An Act To Amend the Tax Laws of the State	<p><u>Part A</u> makes changes to the insurance premiums tax and income tax law. <u>Part A:</u></p> <ol style="list-style-type: none"> <li><u>Specifies that, for tax periods beginning on or after January 1, 2023, premiums on contracts sold by insurance producers through nonadmitted insurers and premiums paid by insureds on self-procured contracts from nonadmitted insurers are subject to tax at the higher of Maine's tax rate and the tax rate of the state of incorporation of the insurance company that is underwriting the policy; and</u></li> <li><u>Increases the withholding rate applicable to certain gambling winnings subject to Maine tax from 5% of the winnings to the highest marginal tax rate applicable to the tax year during which the winnings are paid, plus any other applicable tax under the Maine</u></li> </ol>			

<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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						<p>Revised Statutes, Title 36, Part 8 relating to income taxes.</p> <p><b>Part B</b> makes changes to the property tax law.</p> <p>Part B:</p> <ol style="list-style-type: none"> <li>1. Requires <u>municipalities to annually provide information</u> needed by the Department of Administrative and Financial Services, Bureau of Revenue Services to conduct <u>state valuation</u>;</li> <li>2. <u>Removes an obsolete reference</u> to state property tax;</li> <li>3. <u>Removes the requirement for benevolent and charitable institutions to be incorporated in Maine to be exempt from taxation</u>;</li> <li>4. <u>Allows assessors to request information</u> from taxpayers regarding property qualifying for an exemption that is subject to full or partial reimbursement by the State;</li> <li>5. Strikes the provision under the <u>deferred collection of homestead property taxes</u> applying the abatement and appeals process under Title 36, chapter 105, subchapter 8 to situations in which the State Tax Assessor disagrees with the municipal valuation of a property subject to deferral; and</li> <li>6. Replaces the term "homestead" with the term "permanent residence" in Title 36, section 6234, <u>regarding municipal benefits to veterans</u>, to better align the definition with the benefit to renters allowed under that section.</li> </ol> <p><b>Part C</b> expands the <u>penalty-free reclassification of land taxed under the Maine Tree Growth Tax Law</u> and farm and open space law to include reclassifications into and out of working waterfront land without incurring a penalty. In addition, it clarifies and aligns the penalty provisions for tree growth, farm and open space and working waterfront current use classifications.</p> <p><b>Part D</b> changes the <u>monthly transfer of sales tax revenue to the ATV Recreational Management Fund</u> to a biannual transfer, beginning July 1, 2023, of sales tax revenue from the prior fiscal year and clarifies that the transfer is reduced by the transfer to the Local Government Fund.</p>			

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1919	2271			Evans	An Act To Encourage Job Growth in the Forest Products Sector through Tax Incentives	<p>This bill <u>amends the Maine Employment Tax Increment Financing Act</u> to allow <u>employers engaged in the forest products business, which includes timber harvesting and the processing of trees as a renewable resource for wood or biomass, that otherwise would not meet the minimum requirements for participation, which include adding 5 new full-time employees, to be eligible for reimbursement of certain training and other costs.</u></p> <p>This bill allows a qualified forest products business that <u>adds at least one new employee who works a minimum of 900 hours in a calendar year to be eligible for reimbursement for:</u></p> <ol style="list-style-type: none"> <li>1. Up to 160 hours of the labor costs for both the new employee and the person training that employee;</li> <li>2. The cost of training and equipment, other than the cost of labor, necessary to train that new employee; and</li> <li>3. A percentage of Maine income tax withheld for a new employee in the first 3 years of employment as follows: <ol style="list-style-type: none"> <li>A. For the first calendar year of employment, 80%;</li> <li>B. For the 2nd calendar year of employment, 70%; and</li> <li>C. For the 3rd calendar year of employment, 60%.</li> </ol> </li> </ol> <p><u>If a new employee does not work at least 900 hours in the first calendar year of employment,</u> the partial first year of employment and the calendar year following that employee's start is considered the first year of employment for purposes of determining the percentage of reimbursement as long as that employee meets the requirements during the first full year of employment. Additionally, the <u>costs of training</u> incurred by the employer and the amount equal to the tax withheld for that new employee during that partial calendar year of employment <u>may be claimed by the employer</u> in the calendar year following the employee's start, as long as that employee meets all the requirements for qualification, including working at least 900 hours.</p>			