

WS 2/22/22

TAXATION COMMITTEE

2/18/2022 2:57 PM

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**130th LEGISLATURE
1st REG AND SPECIAL SESSIONS**

BILLS CARRIED OVER IN TAX

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FISCAL IMPACT ¹	
								FY22	FY23
428	1634	4/15		Tepler	An Act To Prevent Tax Haven Abuse	<p>This bill <u>requires corporations that file unitary income tax returns in Maine to include income from certain specified jurisdictions outside the United States considered "tax havens" in net income when apportioning income among tax jurisdictions.</u></p> <p>The <u>State Tax Assessor is required to adopt major substantive rules to determine the income or loss attributable to such corporations and to prevent double taxation or deduction of income.</u></p> <p>The <u>assessor is required to submit an annual report to TAX Committee regarding whether jurisdictions should be added to or deleted from the list of tax havens based on specified criteria.</u></p>	carried over		
			2/22/22		SECOND REGULAR SESSION				
1406	847	5/12	5/19	Stewart	An Act To Encourage Relocation to Rural Maine	<p>This bill creates a <u>refundable income tax credit for up to 5 years for a 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"> 1. the <u>lesser of the person's property tax bill in the rural area or \$2,000</u> <li style="text-align: center;">plus 2. <u>lesser of the persons Internet connectivity expenses or \$1,000.</u> 	Tabled		

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>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 rural area, defined as <u>Aroostook County, Somerset County, Piscataquis County and Washington County</u>.</p> <p>Credit begins with 1/1/22 tax years.</p> <p>MRS has technical concerns and indicates several areas in the draft where clarification is needed. (See 5/12/21 testimony)</p> <p>TER concerns</p>			
			2/3/22 2/22/22		SECOND REGULAR SESSION	<p>MRS has technical concerns and indicates several areas in the draft where clarification is needed. (See 5/12/21 testimony)</p> <p>Tabled for sponsor to work on proposal</p>	Tabled		
1704	1805	5/18	5/26 5/27	Talbot-Ross	An Act To Change the Exclusion Amount under the Estate Tax and Provide Additional Funding for the Housing Opportunities for Maine Fund	<p>This bill <u>reduces the exclusion amount, below which the Maine estate tax does not apply, to \$1,000,000</u> from \$5,600,000 for estates of decedents dying on or after January 1, 2022 <u>and removes the annual adjustment for inflation of that exclusion amount.</u></p> <p><u>SAME AS LD 1524:</u> This bill also creates an <u>additional exclusion amount</u> of up to \$3,800,000 from the estate tax for:</p> <ol style="list-style-type: none"> 1. <u>family farms and</u> 2. <u>commercial aquaculture.</u> 3. <u>commercial fishing and</u> 4. <u>commercial wood harvesting businesses</u> <p>This additional exclusion applies to</p> <ol style="list-style-type: none"> 1. <u>farmland</u> 2. <u>depreciable machinery and equipment used in commercial agriculture, aquaculture, fishing or wood harvesting</u> 3. <u>that is inherited by a family member and</u> 4. <u>remains in commercial use for 5 years following transfer.</u> <p><u>Distribution of revenue:</u> The Treasurer of State must credit</p>	carried over	MRS preliminary fiscal impact Not provided	

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						<p>1. <u>50% of the revenue generated by the reduction in the exclusion amount</u> beginning January 1, 2022 to the General Fund and</p> <p>2. <u>50% the Maine State Housing Authority, to the HOME Fund</u></p> <p>The bill directs the <u>Maine State Housing Authority in consultation with the Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Populations to develop a racial equity assessment tool to use when evaluating project funding and report to the Joint Standing Committee on Labor and Housing on the development of this tool no later than October 1, 2022.</u></p>			
			2/22/22		SECOND REGULAR SESSION				
1937	2484	2/15	2/22	Luchini	An Act To Clarify the Exemption from Income Tax and Withholding Tax Liability for Certain Out-of-state Suppliers of Spirits Purchased by the Bureau of Alcoholic Beverages and Lottery Operations	<p>This bill provides, for tax years beginning on or after 1/1/21 an <u>"exemption " from income taxation or tax withholding for certain manufacturers of spirits or suppliers of spirits located outside the State that sell or ship spirits pursuant to an order or request placed by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations or an agent or contractor of the bureau.</u></p> <p>The bill also provides that <u>income tax "nexus" is not established by spirits manufactured or produced outside the State and brought into the State pursuant to an order or request of the bureau, regardless of whether those spirits are stored at a warehouse operated or used by the bureau or at another facility as directed by the bureau, and regardless of whether the amount of the sales or the value of those spirits exceeds the thresholds for the determination of nexus as specified in the Maine Revised Statutes, Title 36, section 5200-B, subsection 1. or any other activity required by BABLO</u></p> <p>This bill provides that <u>spirits manufactured or produced outside this State brought into state due to order or request from BABLO are not subject to tax liability under income tax law.</u></p>			

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						MRS has concerns			

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