

Shaded LDs have been voted
on by the Committee

3/15/22

TAXATION COMMITTEE

3/14/2022 5:35 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
308	849	3/24	4/1	Stewart	An Act To Promote Research and Development in the State by Increasing and Marketing the Research Expense Tax Credit	<p>CURRENT LAW: The Research expense tax credit is based on the federal research credit. The credit is equal to 5% of the excess of “qualified research expense” for the TY over the average spent in the previous 3 years plus 7.5% of the “basic research” payments made during the TY. Credit is limited to research expenses incurred in Maine. Credit is limited to \$25,000</p> <p>This bill <u>increases the research expense tax credit</u> by:</p> <ol style="list-style-type: none"> 1. <u>doubling the expenditures</u> eligible for the credit from 5% to 10% for expenditures over the federal base amount and from 7.5% to 15% of the federal basic research payments base amount and 2. <u>doubling the maximum</u> amount of the <u>credit</u> that may be claimed from \$25,000 to \$50,000. <p>The bill also <u>provides ongoing funds</u> of \$100,000 per year beginning in fiscal year 2021-22 to <u>DECD to advertise and market</u> the research expense tax <u>credit</u>.</p> <p><u>DECD requests that funding be allowed to market other credits.</u></p> <p>4/20/21 OPEGA starting TER evaluation will not be available during 1st Regular session.</p>	carryover	<p>MRS estimate of fiscal impact of bill not received in 2021</p> <p><u>MRS estimate of cost of current credit (per 2021 Red Book):</u></p> <p>FY 22 \$1,650,000 FY 23 \$2,180,000 Claimants: 175</p>	
			2/11/22	2/24/22	SECOND REGULAR SESSION	<p>Amendments suggested:</p> <ol style="list-style-type: none"> 1. Needs application date. 2. Appropriations needs to delete FY 22. 3. 2/11 DECD asked for \$\$\$ to be able to be used to market all credits, not just research expense credit. 	2/24 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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						OPEGA evaluation report on research expense credit presented to GOC on 3/11. https://legislature.maine.gov/doc/8379			
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 from \$5,600,000 for estates of decedents dying on or after January 1, 2022 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</u> used in commercial agriculture, aquaculture, fishing or wood harvesting 3. <u>that is inherited by a family member and</u> 4. <u>remains in commercial use for 5 years</u> following transfer. <p><u>Distribution of revenue:</u> The Treasurer of State must credit</p> <ol style="list-style-type: none"> 1. <u>50% of the revenue generated by the reduction in the exclusion amount</u> beginning January 1, 2022 to the General Fund and 2. <u>50% the Maine State Housing Authority,</u> to the HOME Fund <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> 	carried over	MRS preliminary fiscal impact Not provided	
			2/22/22		SECOND REGULAR SESSION		not taken up		

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								FY22	FY23
1919	2271	2/1	2/11	Evans	An Act To Encourage Job Growth in the Forest Products Sector through Tax Incentives	<p><u>ORIGINAL BILL:</u> Proposed to amend the ETIF law to allow special conditions for "forest products businesses."</p> <p><u>WS 2/11 Sponsor proposed amendment.</u> Tabled for MRS review MRS indicated language submitted by sponsor is not administrable and will need significant work.</p> <p>substantial subsequent work.</p> <p><u>NEW SPONSOR PROPOSED AMENDMENT 3/14:</u></p> <ol style="list-style-type: none"> 1. <u>Eliminate ETIF changes</u> 2. <u>Replaces with income tax credit</u> 3. <u>For timber harvesting businesses that</u> <ol style="list-style-type: none"> a. <u>Add one full-time new employee</u> <ol style="list-style-type: none"> i. <u>90% of employee's work is based in Maine</u> ii. <u>Is covered by unemployment law</u> iii. <u>Is paid as much as most recent per capita personal income in county where employed.</u> 4. <u>Credit is:</u> <ol style="list-style-type: none"> i. <u>\$7,500 1st year</u> ii. <u>\$5,000 2nd year</u> iii. <u>\$3,500 3rd – 5th years</u> 5. <u>Claimants are certified by DECD</u> 6. <u>Evaluation parameters included.</u> 	Tabled		