

STATE OF MAINE
127TH LEGISLATURE
SECOND REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

JOINT STANDING COMMITTEE ON TAXATION

May 2016

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Joint Standing Committee on Taxation

LD 49 An Act To Exempt from Excise Tax Certain Vehicles Used by Persons with a Disability ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VEROW A LIBBY N	ONTP	

This bill was carried over from the First Regular Session of the 127th Legislature.

The bill provides a motor vehicle excise tax exemption for motor vehicles owned and designed for use by a person with a disability. This exemption is in addition to the sales tax exemption currently allowed for adaptive equipment installed on a vehicle.

LD 281 Resolve, To Modify the State Valuation of the Towns of Madison, Skowhegan, East Millinocket and Jay To Reflect the Loss of Valuation of Major Taxpayers in Those Towns Died On Adjournment

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCABE J WHITTEMORE R	OTP-AM ONTP	H-478 H-500 MCCABE J

This resolve was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

The resolve provides that the 2015 state valuations for the Town of Madison and the Town of Skowhegan for the purposes of calculating state-municipal revenue-sharing funds and the distribution of general purpose aid for local schools must be based on a valuation that values the property of the Madison Paper Company in the Town of Madison at \$80,000,000 and the property of the S.D. Warren Company in the Town of Skowhegan at \$463,224,200.

It also provides that the 2015 state valuation for the Town of Madison for the purpose of calculating the distribution to Regional School Unit No. 59 of general purpose aid for local schools for the 3-year period from fiscal year 2015-16 to fiscal year 2017-18 must be based on a valuation that values the property of the Madison Paper Company in the Town of Madison at \$80,000,000, and the 2015 state valuation for the Town of Skowhegan for the purpose of calculating the distribution to Regional School Unit No. 54 of general purpose aid for local schools for the 3-year period from fiscal year 2015-16 to fiscal year 2017-18 must be based on a valuation that values the property of the S.D. Warren Company in the Town of Skowhegan at \$463,224,200.

Committee Amendment "A" (H-478)

This amendment, which was the majority report of the committee, establishes adjustments to state valuations for the towns of Madison, Skowhegan, East Millinocket and Jay for the purposes of state-municipal revenue sharing and education funding to reflect the effect of significant losses in valuation of major taxpayers due to declines in the paper industry.

House Amendment "A" To Committee Amendment "A" (H-500)

This amendment removes the emergency preamble and emergency clause.

This bill remained on the Special Appropriations Table and died on adjournment. Legislation to provide additional education funding to certain municipalities with significant reductions in state valuation was enacted in Public Law 2015, chapter 487, see LD 1699 under the Joint Standing Committee on Education and Cultural Affairs.

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LD 365 An Act To Provide a Tax Reduction for Modifications To Make a Home More Accessible for a Person with a Disability

PUBLIC 503

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VEROW A	OTP-AM	H-277 S-490 HAMPER J

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

The bill is a concept draft pursuant to Joint Rule 208 and proposes to provide a means to offset the costs incurred by a person with a disability who modifies a residence, such as by installing ramps or stairlifts, widening entryways or remodeling, to make it more accessible for that person. The offset could be in the form of an income tax credit or an exemption from property taxes.

Committee Amendment "A" (H-277)

This amendment replaces the bill and creates an income tax credit for expenses incurred for certain modifications to make a homestead accessible to an individual with a disability or physical hardship who resides or will reside in the homestead if the taxpayer's federal adjusted gross income does not exceed \$55,000. The total amount of the credit that may be claimed annually is capped at \$1,000,000.

Senate Amendment "A" To Committee Amendment "A" (S-490)

This amendment changes the application of the tax credit to tax years beginning on or after January 1, 2017 and adjusts funding accordingly.

Enacted Law Summary

Public Law 2015, chapter 503 creates an income tax credit for tax years beginning on or after January 1, 2017 for expenses incurred for certain modifications to make a homestead accessible to an individual with a disability or physical hardship who resides or will reside in the homestead if the taxpayer's federal adjusted gross income does not exceed \$55,000. The total cost of the all credits granted is capped at \$1,000,000 annually.

LD 498 An Act To Restore the Super Credit for Substantially Increased Research and Development

Died On Adjournment

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
NUTTING R MCCORMICK E	OTP-AM	H-96

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

This bill restores the availability of the super credit for substantially increased research and development retroactive to January 1, 2014, restricts the carry-over period to five years and increases the limit on the credit to no more than 50% of the taxpayer's tax due after the allowance of other tax credits.

Committee Amendment "A" (H-96)

This amendment amends the definition of "super credit base amount" to provide that the base amount is reset if the taxpayer did not claim the super credit for three consecutive taxable years immediately prior to

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January 1, 2014.

LD 646 An Act To Provide Incentives for Municipal Cooperation and Shared Services ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LIBBY N	ONTP	

This bill was carried over from the First Regular Session of the 127th Legislature.

The bill provides an incentive for municipalities to enter into collaborative agreements to provide services jointly by sheltering a portion of the municipalities' equalized valuations dedicated to the financial support of the joint services. Sheltering of valuations would be likely to increase the municipalities' shares of General Purpose Aid to local schools and municipal revenue sharing and reduce the municipalities' shares of county taxes.

LD 867 An Act To Provide Tax Fairness and To Lower Medical Expenses for Patients under the Maine Medical Use of Marijuana Act Veto Sustained

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LIBBY N MALABY R	OTP-AM	S-178 S-505 HAMPER J

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

This bill allows a taxpayer, either an individual or corporation, that operates a registered dispensary of medical marijuana pursuant to the Maine Medical Use of Marijuana Act to deduct from income the costs of operating that registered dispensary. The bill also allows a qualified patient to deduct from income the costs of medical marijuana purchased by that qualifying patient.

Committee Amendment "A" (S-178)

This amendment adds references to the United States Internal Revenue Code of 1986 to ensure proper administration of the deductions created by the bill. The amendment also adds an appropriations and allocations section.

Senate Amendment "B" To Committee Amendment "A" (S-505)

This amendment changes the application of the bill as amended by Committee Amendment "A" to apply to tax years beginning on or after January 1, 2016. It also transfers to the General Fund funds remaining in the Medical Use of Marijuana Fund after the expenses of the Department of Health and Human Services for the purpose of funding tax deductions for medical marijuana dispensary business expenses and for the cost of medical marijuana purchased by qualified patients under the Maine Medical Use of Marijuana Act. This amendment also changes the allocation of statutory provisions in the Maine Revised Statutes.

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LD 898 An Act To Reduce Student Loan Debt through an Expansion of the Educational Opportunity Tax Credit

**Died On
Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHENETTE J ALFOND J	OTP-AM	H-229

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

The bill allows students who are pursuing or have pursued a course of study available only at a public institution outside the State as part of the New England regional student program offered by the New England Board of Higher Education to be eligible for the educational opportunity tax credit, starting with the tax year beginning January 1, 2016.

Committee Amendment "A" (H-229)

This amendment extends to a graduate who pursued a course of study available only at a public institution outside the State as part of the New England regional student program offered by the New England Board of Higher Education the same allowance as is provided for graduates of Maine accredited institutions, which provides that a graduate is not disqualified if 30 or fewer of the graduate's credit hours were obtained from a nonqualifying non-Maine community college, college or university. The amendment also makes changes to the definition of "principal cap" in order to avoid misinterpretation.

This bill remained on the Special Appropriations Table and died on adjournment. Similar provisions were enacted in the First Regular Session in Public Law 2015, chapter 267, Part QQQ of the biennial budget bill LD 1019, summarized by the Joint Standing Committee on Appropriations and Financial Affairs.

LD 973 An Act To Ensure That Nicotine Products Are Taxed Equally

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCABE J	ONTP	

This bill was carried over from the First Regular Session of the 127th Legislature.

This bill includes an electronic cigarette in the definition of "cigarette" for the purpose of assessing the cigarette tax and provides a definition of "electronic cigarette."

LD 1000 An Act To Define Prosthetic and Orthotic Devices for Purposes of the Sales Tax Law

PUBLIC 495

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GIDEON S ALFOND J	OTP-AM	H-110 S-494 HAMPER J

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

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The bill creates definitions for "prosthetic or orthotic device" and "prescription" within the sales tax exemption laws. It attempts to clarify the sales tax exemption for prosthetic devices and exempts orthotic devices sold by prescription.

Committee Amendment "A" (H-110)

This amendment clarifies the term "health care practitioner" who may prescribe potentially exempt items under the bill by adding a cross reference to that definition in the Maine Revised Statutes, Title 24, section 2502.

Senate Amendment "A" (S-494)

This amendment changes the effective date of this Act from October 1, 2015 to October 1, 2016.

Enacted Law Summary

Public Law 2015, chapter 495 creates definitions for "prosthetic or orthotic device" and "prescription" within the sales tax exemption laws. It clarifies the term "health care practitioner" who may prescribe potentially exempt items by adding a cross reference to that definition in the Maine Revised Statutes, Title 24, section 2502.

LD 1004 An Act To Provide Incentives To Foster Economic Growth and Build Infrastructure in the State by Encouraging Visual Media Production

**Died On
Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PICCHIOTTI J WHITTEMORE R	ONTP OTP-AM	H-326

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

This bill makes the following changes to the visual media production certification process, reimbursement and credit.

1. It specifies that a visual media production expense must be for preproduction, production and postproduction work performed in Maine.
2. It increases the cap on wages that can be included as a visual media production expense from \$50,000 per individual to \$250,000 per individual.
3. It requires the applicant for visual media production certification to agree to pay an administrative fee before being reimbursed. The administrative fee is 0.2% of the reimbursement amount, except that the minimum amount of the fee may not be less than \$200 and the maximum amount of the fee may not exceed \$5,000.
4. It specifies that the reimbursement for certified production wages is only for wages paid to below-the-line personnel, which includes nonstarring cast members and the technical production and postproduction staff of a visual media production company.
5. It increases the reimbursement rate from 12% to 25% of certified production wages that are paid to Maine residents and from 10% to 15% for certified production wages paid to non-Maine residents.
6. It repeals the certified visual media production tax credit and instead provides for the reimbursement of 25% of nonwage visual media production expenses as long as the company has at least \$30,000 in visual media production expenses from the certified production.

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7. It specifies that, in order to be eligible for either the certified production wage reimbursement or the nonwage visual media production expense reimbursement, at least 50% of the below-the-line personnel, not including extras, must be Maine residents, unless the company certifies that it cannot meet this requirement due to an insufficient number of qualified Maine residents, and either the visual media production expenses exceed 50% of the total production expenses or at least 50% of the total principle photography days occur in Maine.

8. It specifies that a person claiming the Pine Tree Development Zone tax credit is not eligible to get the visual media production reimbursement.

Committee Amendment "A" (H-326)

This amendment, the minority report of the committee, removes the emergency preamble and emergency clause from the bill and adds provisions establishing a refundable income tax credit for a major visual media production, which is defined as a visual media production with an overall budget that is greater than \$1,000,000. The credit applies to tax years beginning on or after January 1, 2015. The amendment also requires the joint standing committee of the Legislature with jurisdiction over taxation matters to review by December 1, 2021 the reimbursements and tax credits for visual media production companies and make a recommendation to the Legislature with regard to retention, repeal or modification of the provisions. The amendment also adds an appropriations and allocations section.

This bill remained on the Special Appropriations Table and died on adjournment.

LD 1142 An Act Regarding the Taxation of Out-of-state Pensions

**Died On
Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TURNER B BURNS D	OTP-AM	H-340

This bill was reported out of committee in the prior session and then carried over on the Special Appropriations Table.

The bill avoids double taxation of certain employee contributions to retirement benefit plans made in other states by exempting from Maine income tax the portion of retirement benefits attributable to the taxpayer's contribution to an employee retirement plan or an individual retirement account that was taxed by another jurisdiction.

Committee Amendment "A" (H-340)

This amendment provides that the proposed income tax exemption for certain income from out-of-state pensions applies only to the extent the income is included in federal adjusted gross income and not deducted under the general pension deduction. The amendment also adds a definition of "another jurisdiction."

This bill remained on the Special Appropriations Table and died on adjournment.

LD 1421 Resolve, Directing the Treasurer of State To Study the Most Effective Options for Maine Residents To Participate in Tax-advantaged Savings Accounts for Persons with Disabilities

RESOLVE 57

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POULIOT M LIBBY N	OTP-AM	H-509

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This bill was carried over from the First Regular Session of the 127th Legislature.

The bill establishes the ABLE ME Savings Program, based on the federal Achieving a Better Life Experience Act of 2014 (ABLE), to allow individuals with disabilities to establish savings accounts to be used for qualified disability expenses. Distributions from the account for qualified disability expenses, as well as the earnings of the account, are tax exempt. Eligibility standards and qualified disability expenses are defined under the federal Act. The program is administered by the Treasurer of State in compliance with the federal Act. The Treasurer of State is authorized to contract with financial organizations to serve as depositories or managers of the program and may establish fees to cover the cost of administration.

Committee Amendment "A" (H-509)

This amendment changes the bill to a resolve directing the Treasurer of State to review the experience of other states in implementing tax-advantaged qualified savings programs for qualified individuals with disabilities under the federal ABLE Act and to report the results of the Treasurer of State's research and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters of the 128th Legislature by January 15, 2017. The committee is authorized to submit a related bill to the First Regular Session of the 128th Legislature.

Enacted Law Summary

Resolve 2015, chapter 57 directs the Treasurer of State to review the experience of other states in implementing tax-advantaged qualified savings programs for qualified individuals with disabilities under the federal ABLE Act and to report the results of the Treasurer of State's research and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters of the 128th Legislature by January 15, 2017. The committee is authorized to submit a related bill to the First Regular Session of the 128th Legislature.

LD 1457 Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory

**RESOLVE 59
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK E	OTP-AM	S-361

This resolve authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired for nonpayment of property taxes.

Committee Amendment "A" (S-361)

This amendment incorporates a fiscal note.

Enacted Law Summary

The bill authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory that were acquired for nonpayment of property taxes.

Resolve 2015, chapter 59 was finally passed as an emergency measure effective March 10, 2016.

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LD 1481 An Act To Protect Maine's Natural Resources Jobs by Exempting from Sales Tax Fuel Used in Commercial Farming, Fishing and Forestry **Died On Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS P BLACK R	OTP-AM	S-385 S-529 HAMPER J

This bill provides a sales tax refund or exemption for products sold or used to propel an internal combustion engine for use in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting including oil or other lubricant classified for use in an internal combustion engine or transmission or other systems.

Committee Amendment "A" (S-385)

This amendment strikes the bill and instead extends the current sales tax exemption or refund for fuel used in commercial fishing vessels to include all fuel used in commercial fishing and fuel used in commercial agricultural production, aquacultural production and wood harvesting.

The amendment also adds an emergency preamble and emergency clause to allow the legislation to take effect July 1, 2016.

Senate Amendment "A" To Committee Amendment "A" (S-529)

This amendment removes the emergency preamble and emergency clause.

LD 1505 An Act To Facilitate Student Loan Repayment by Allowing Graduates To Claim Educational Opportunity Tax Credits on Eligible Portions of Consolidated Loans **Died On Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCREIGHT J LANGLEY B	OTP-AM	H-512

This bill provides that the change made by Public Law 2015, chapter 267 permitting the educational opportunity tax credit to be claimed for tax years beginning on or after January 1, 2016 for the eligible portion of consolidated student loans also applies to tax years beginning on or after January 1, 2015.

Committee Amendment "A" (H-512)

This amendment changes the availability of the educational opportunity tax credit for a consolidated loan by:

1. Retaining the purpose of the bill to allow the portion of the consolidated loan that is a qualifying educational loan to be eligible for the tax credit beginning with tax year 2015; and
2. Providing that only a qualifying educational loan that is consolidated with a nonqualifying educational loan is eligible.

This bill remained on the Special Appropriations Table and died on adjournment. The provisions of this bill were included in LD 1657 and enacted in Public Law 2015, chapter 482.

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LD 1506 An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation Concerning Pension Income

**PUBLIC 382
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FREDETTE K	OTP-AM	H-510

This bill makes the following changes to the Maine tax laws.

1. It corrects a change made by Public Law 2015, chapter 267 to the individual income tax pension deduction for tax years beginning in 2014 and 2015 to ensure that military pensions will not be offset by social security benefits and railroad retirement benefits received by the taxpayer during the taxable year. This change is retroactive to June 30, 2015, the effective date of Public Law 2015, chapter 267.
2. It clarifies the offset of social security and railroad retirement benefits in calculating the pension income deduction for tax years beginning on or after January 1, 2016.
3. It removes an incorrect reference to "tax years beginning in 2014" that appears in the individual income tax pension deduction provision that applies to tax years beginning after 2015.
4. It updates references to the statutory provisions governing the pension deduction in order to reflect recent changes.

Committee Amendment "A" (H-510)

This amendment incorporates a fiscal note.

Enacted Law Summary

The bill makes the following changes to the Maine tax laws.

1. It corrects a change made by Public Law 2015, chapter 267 to the individual income tax pension deduction for tax years beginning in 2014 and 2015 to ensure that military pensions will not be offset by social security benefits and railroad retirement benefits received by the taxpayer during the taxable year. This change is retroactive to June 30, 2015, the effective date of Public Law 2015, chapter 267.
2. It clarifies the offset of social security and railroad retirement benefits in calculating the pension income deduction for tax years beginning on or after January 1, 2016.
3. It removes an incorrect reference to "tax years beginning in 2014" that appears in the individual income tax pension deduction provision that applies to tax years beginning after 2015.
4. It updates references to the statutory provisions governing the pension deduction in order to reflect recent changes.

Public Law 2015, chapter 382 was enacted as an emergency measure effective March 1, 2016.

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LD 1519 An Act To Amend the Tax Laws To Strengthen Charitable Institutions, ONTP
Encourage Home Ownership and Manage Medical Expenses

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POULIOT M THIBODEAU M	ONTP	

This bill allows a resident individual who itemizes deductions in determining federal adjusted gross income to claim those deductions fully under the Maine income tax. It repeals the \$27,500 cap on itemized deductions and the phaseout of deductions for individuals who itemize deductions and whose Maine adjusted gross income exceeds \$70,000 for single filers, \$112,500 for head of household filers and \$140,000 for joint filers.

LD 1521 An Act To Create Equity among Essential Nonprofit Health Care PUBLIC 510
Providers in Relation to the Sales Tax and the Service Provider Tax

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GATTINE A HASKELL A	OTP-AM	H-521

This bill extends to all incorporated nonprofit community health centers the exemption from the sales and use tax currently provided for sales made to incorporated nonprofit rural community health centers.

Committee Amendment "A" (H-521)

This amendment provides that the extension of the sales tax exemption in the bill is limited to incorporated nonprofit federally qualified health centers and makes the same change in the exemption for incorporated nonprofit rural community health centers under the service provider tax to maintain consistency in the exemptions under those two taxes.

Enacted Law Summary

Public Law 2015, chapter 510 extends the sales tax exemption and service provider tax exemption for incorporated nonprofit rural community health centers to include incorporated nonprofit federally qualified health centers and federally qualified health center "look-alikes."

LD 1530 An Act To Exempt MaineCare Appendix C Private Nonmedical Died On
Institutions from the Service Provider Tax Adjournment

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CUSHING A MAREAN D	OTP-AM	S-375

This bill provides an exception to the service provider tax for private nonmedical institutions that are residential care facilities maintained wholly or partly for the purpose of providing residents with medical and remedial treatment services, sometimes referred to as "MaineCare Appendix C institutions." The service provider tax continues to apply to private nonmedical institution services that are provided by MaineCare Appendix B, D, E or F private nonmedical institutions.

Committee Amendment "A" (S-375)

This amendment adds to the bill the appropriations and allocations necessary to adjust for the loss of revenue to the

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MaineCare program resulting from the exemption of Appendix C, Private Non-Medical Institution Services from the service provider tax.

This bill was placed on the Special Appropriations Table and died on adjournment.

**LD 1551 An Act To Make Additional Technical Changes to Recently Enacted Tax
Legislation**

**PUBLIC 390
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK E GOODE A	OTP	

This bill makes the following changes to the Maine tax law.

1. It removes an obsolete reference to the Circuitbreaker Program and updates references to the recently enacted individual income tax rate schedules that apply to tax years beginning on or after January 1, 2017.
2. It revises, for purposes of simplification, the municipal reimbursement and state valuation calculations for the homestead property tax exemption.
3. It clarifies the application of the Maine sales tax exclusion with respect to the rental or lease of equipment associated with the provision of cable services, satellite television services and satellite radio services.
4. It eliminates, beginning with the 2016 tax year, the credits for employer-assisted day care and employer-provided long-term care benefits to bring the insurance premiums tax law in line with the elimination of the same credits in the income tax law by the biennial budget, Public Law 2015, chapter 267. Carry-over of unused credit amounts is still allowed.
5. It specifies that, in calculating the pension income deduction for tax years beginning on or after January 1, 2016, the offset is limited to social security and railroad retirement benefits, rather than also applying the offset to a taxpayer's retirement plan benefits.
6. It specifies that Maine itemized deductions are capped at \$28,350 for tax years beginning in 2015. The cap is adjusted annually for inflation for tax years beginning after 2015. It further clarifies that the annual cost-of-living adjustment is based on the most recently published Chained Consumer Price Index, which is published monthly by the United States Department of Labor, Bureau of Labor Statistics, at the time the annual cost-of-living adjustment is required to be made.

Enacted Law Summary

The bill makes the following changes to the Maine tax laws.

1. It removes an obsolete reference to the Circuitbreaker Program and updates references to the recently enacted individual income tax rate schedules that apply to tax years beginning on or after January 1, 2017.
2. It revises, for purposes of simplification, the municipal reimbursement and state valuation calculations for the homestead property tax exemption.
3. It clarifies the application of the Maine sales tax exclusion with respect to the rental or lease of equipment associated with the provision of cable services, satellite television services and satellite radio services.
4. It eliminates, beginning with the 2016 tax year, the credits for employer-assisted day care and employer-provided long-term care benefits to bring the insurance premiums tax law in line with the elimination of the same credits in

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the income tax law by the biennial budget, Public Law 2015, chapter 267. Carry-over of unused credit amounts is still allowed.

5. It specifies that, in calculating the pension income deduction for tax years beginning on or after January 1, 2016, the offset is limited to social security and railroad retirement benefits, rather than also applying the offset to a taxpayer's retirement plan benefits.

6. It specifies that Maine itemized deductions are capped at \$28,350 for tax years beginning in 2015. The cap is adjusted annually for inflation for tax years beginning after 2015. It further clarifies that the annual cost-of-living adjustment is based on the most recently published Chained Consumer Price Index, which is published monthly by the United States Department of Labor, Bureau of Labor Statistics, at the time the annual cost-of-living adjustment is required to be made.

Public Law 2015, chapter 390 was enacted as an emergency measure effective March 10, 2016.

LD 1564 An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK E GOODE A	OTP-AM OTP-AM	

This bill updates the date of conformity to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986, as amended through December 31, 2015, for tax years beginning on or after January 1, 2015 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986, as amended.

Committee Amendment "A" (S-351)

This amendment, which is the majority report of the Committee and was adopted in the Senate, repeals, for taxable years beginning on or after January 1, 2016, the addition modification that decouples Maine's individual income tax law from the federal deduction for qualified tuition and related expenses under the United States Internal Revenue Code of 1986, Section 222.

This amendment decouples the Maine individual and corporate income taxes from the federal bonus depreciation deductions for taxable years beginning on or after January 1, 2015. In addition, it provides a Maine capital investment credit for taxable years beginning on or after January 1, 2015 with respect to depreciable property placed in service in Maine. The credit is equal to 9% of the amount of the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the United States Internal Revenue Code of 1986, Section 168(k) with respect to property placed in service in the State during the taxable year for taxable corporations; for individuals the credit is 8% of such amount for tax years beginning in 2015 and is 7% for tax years beginning on or after January 1, 2016.

The substance of this amendment was included in LD 1583 and enacted as Public Law 2015, chapter 388. LD 1583 is summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

Committee Amendment "B" (S-352)

This amendment is the minority report of the committee and was adopted in the House of Representatives. It provides conformity with the Internal Revenue Code of 1986 in the same manner as the Committee Amendment "A" (S-351) but only for tax years beginning in 2015 and makes the following exceptions.

This amendment decouples the Maine individual and corporate income taxes from the federal bonus depreciation

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deductions for taxable years beginning on or after January 1, 2015. In addition, it provides a Maine capital investment credit for taxable years beginning in 2015 with respect to depreciable property placed in service in Maine. The credit is equal to 9% of the amount of the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the United States Internal Revenue Code of 1986, Section 168(k) with respect to property placed in service in the State during the taxable year for taxable corporations; for individuals the credit is 8% of such amount for tax years beginning in 2015.

The amendment decouples Maine's individual and corporate income tax from the Code, Section 179 expensing deductions for tax years beginning on or after January 1, 2016. It enacts addition and subtraction modifications to reverse any increase allowed at the federal level for the first year the property is placed in service, and then to allow depreciation deductions for the remainder of the asset's life.

The amendment decouples Maine's individual income tax from the teacher expense deduction under the Code, Section 62(a)(2)(D) by requiring an addition modification in the amount of the federal deduction. The amendment disallows for Maine itemized deduction purposes the federal deduction for mortgage insurance premiums treated as qualified residence interest.

For taxable years beginning after 2017, the amendment decouples the Maine earned income tax credit from the increased federal 45% earned income tax credit rate for taxpayers with three or more qualifying children and from the higher phase-out thresholds for married individuals filing joint returns.

See also LD 1583, enacted as Public Law 2015, chapter 388. LD 1583 is summarized under the Joint Standing Committee on Appropriations and Financial Affairs.

LD 1587 An Act Regarding the Educational Opportunity Tax Credit

**Died On
Adjournment**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVIELLO T BLACK R	OTP-AM	S-397

This bill allows a resident of Maine who is employed in a position outside of Maine on a vessel at sea to qualify for the educational opportunity tax credit, which is currently available only to residents who are employed by an employer in Maine or who are deployed for military service.

Committee Amendment "A" (S-397)

This amendment incorporates a fiscal note.

This bill was placed on the Special Appropriations Table and died on adjournment. The provisions of this bill were included in LD 1657 and enacted in Public Law 2015, chapter 482.

LD 1590 An Act To Exempt from the Sales and Use Tax Sales to Certain Veterans' Organizations Funding Direct Supportive Services to Veterans and Their Families

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DEVIN M JOHNSON C	OTP-AM	

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This bill provides a sales tax exemption for sales to incorporated nonprofit veterans' organizations that fund a full-time position at the United States Department of Veterans Affairs hospital at Togus to provide support to veterans and their families.

Committee Amendment "A" (H-552)

This amendment, which was adopted in the House, replaces the sales tax exemption provided in the bill with a sales tax exemption to all federally chartered veterans' service organizations.

The provisions of this bill, as amended by Committee Amendment "A," were included in LD 1612, summarized under the Joint Standing Committee on Veterans and Legal Affairs and enacted in Public Law 2015, chapter 465, Part C.

LD 1613 An Act To Exclude from Sales Tax Certain Sales by Civic, Religious and Fraternal Organizations

**HELD BY
GOVERNOR**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVIELLO T WHITE D	OTP-AM	S-430 S-544 KATZ R

This bill provides an exemption from the sales and use tax for meals served by an incorporated nonprofit organization, including a regularly organized church or house of religious worship, when the proceeds of the sale of the meals are used to fund the purpose of the organization.

Committee Amendment "A" (S-430)

This amendment replaces the bill and includes within the definition of "casual sale," which is a sale that is not subject to sales tax, a transaction in connection with a meal provided by a civic, religious or fraternal organization. The amendment also removes the provision that prohibits such an organization from being exempt if it is a registered retailer.

Senate Amendment "B" To Committee Amendment "A" (S-544)

This amendment replaces the Committee Amendment and provides a sales tax exemption for sales of prepared food by a civic, religious or fraternal organization, including an auxiliary of such an organization, at a public or member-only event, except when alcoholic beverages are available for sale at the event, for up to 23 days during a calendar year.

LD 1622 An Act To Eliminate the Maine Estate Tax

**Died Between
Houses**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SEAVEY H MCCORMICK E	OTP-AM ONTP	

This bill eliminates the Maine estate tax for estates of decedents dying on or after January 1, 2017.

Committee Amendment "A" (H-567)

This amendment incorporates a fiscal note.

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LD 1623 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2016-17

**PUBLIC 432
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-562

This bill establishes the amount to be raised by property tax in fiscal year 2016-17 in the unorganized territory to cover the cost of municipal services provided in that jurisdiction by state agencies and counties.

Committee Amendment "A" (H-562)

This amendment incorporates a fiscal note.

Enacted Law Summary

The bill establishes the amount to be raised by property tax in fiscal year 2016-17 in the unorganized territory to cover the cost of municipal services provided in that jurisdiction by state agencies and counties.

Public Law 2015, chapter 432, was enacted as an emergency measure and took effect April 6, 2016 without the Governor's signature.

LD 1634 An Act To Provide Tax Revenue To Offset Transfers to the Maine Clean Election Fund

**Died Between
Houses**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP OTP-AM	

This bill is reported by the committee pursuant to the Maine Revised Statutes, Title 36, section 199-E, as enacted by Initiated Bill 2015, chapter 1.

This bill offsets the annual transfer of \$3,000,000 in General Fund revenue to the Maine Clean Election Fund by requiring corporations that file unitary income tax returns in Maine to include income from certain jurisdictions outside the United States in net income when apportioning income among tax jurisdictions. The 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 double deduction of income. The State Tax Assessor is also required to submit an annual report to the joint standing committee of the Legislature having jurisdiction over taxation matters regarding whether jurisdictions should be added to or deleted from the list of tax havens based on specified criteria.

Committee Amendment "A" (H-540)

This amendment, which was adopted in the Senate, replaces the bill and changes the title. The amendment restores the offset for transfers of General Fund revenues to the Maine Clean Election Fund to reductions within the administrative divisions of the legislative branch and executive branch agencies and repeals the requirement that the Joint Standing Committee on Taxation report out to the Legislature a bill eliminating corporate tax expenditures totaling \$6,000,000 per biennium.

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LD 1657 An Act To Simplify and Expand the Educational Opportunity Tax Credit

**PUBLIC 482
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ALFOND J	OTP-AM	S-438 S-509 VALENTINO L S-533 HAMPER J

This bill makes the following changes to the educational opportunity tax credit.

1. It allows a qualified individual receiving an associate or bachelor's degree from January 1, 2007 to December 31, 2015 to be eligible for the credit regardless of the number of transfer hours earned out of state.
2. It permits a Maine resident employed on a vessel at sea to be eligible. This provision was originally included in LD 1587.
3. It expands the credit for employers who pay student loans for employees to receive the credit for the actual payment made for a qualified employee rather than being limited to the principal cap.

Committee Amendment "A" (S-438)

This amendment incorporates a fiscal note.

Senate Amendment "A" (S-509)

This amendment changes the availability of the educational opportunity tax credit for a consolidated loan by allowing the portion of the consolidated loan that is a qualifying educational loan to be eligible for the tax credit beginning with tax year 2015 and providing that only a qualifying educational loan that is consolidated with a nonqualifying educational loan is eligible. This provision was originally included in LD 1505.

Senate Amendment "A" To Senate Amendment "A" (S-533)

This amendment adds an emergency preamble and clause and funds the changes to the educational opportunity tax credit by deappropriating funds from the Maine Historic Preservation Commission and the Office of the Treasurer of State in fiscal year 2015-16 to reflect savings in program All Other costs and debt service.

Enacted Law Summary

The bill makes the following changes to the educational opportunity tax credit.

1. It allows a qualified individual receiving an associate or bachelor's degree from January 1, 2007 to December 31, 2015 to be eligible for the credit regardless of the number of transfer hours earned out of state.
2. It permits a Maine resident employed on a vessel at sea to be eligible.
3. It expands the credit for employers who pay student loans for employees to receive the credit for the actual payment made for a qualified employee rather than being limited to the principal cap.
4. It allows the portion of the consolidated loan that is a qualifying educational loan to be eligible for the tax credit beginning with tax year 2015 and provides that only a qualifying educational loan that is consolidated with a nonqualifying educational loan is eligible.

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Public Law 2015, chapter 482, which was enacted as an emergency measure effective April 16, 2016.

LD 1667 An Act To Protect the Tax Base of Municipalities by Removing the Property Tax Exemption for Land Held for Conservation or Public Access Purposes **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STETKIS J	ONTP	

This bill provides that the property tax exemption for land held for benevolent and charitable purposes does not apply to land held primarily for conservation or public access purposes. The change applies to property tax years beginning on or after April 1, 2017.

LD 1670 An Act To Attract Investment to Loring Commerce Centre **PUBLIC 486**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARTIN J EDGECOMB P	OTP-AM	H-634 H-682 MARTIN J

This bill increases the amount of employment tax increment paid to the Loring Job Increment Financing Fund of the Loring Development Authority from 50% to 100% of adjusted state income tax withholding taxes attributed to employees within the area of the former Loring Air Force base above the base level of employment in 1996 and makes administrative changes to the payment process.

Committee Amendment "A" (H-634)

This amendment changes the schedule by which payment of the employment tax increment to the Loring Job Increment Financing Fund must be made. Instead of paying 100% of the employment tax increment to the fund in December of each year as the bill proposes, this amendment requires that 50% of the employment tax increment be paid to the fund in December of each year and the remaining 50% be paid to the fund in July of the following year. The amendment also limits the payment of the increased employment tax increment amounts to five years and requires a report from the Loring Development Authority of Maine to the joint standing committee of the Legislature having jurisdiction over taxation matters in 2021. The committee is authorized to submit a bill to the First Regular Session of the 130th Legislature regarding the report.

House Amendment "A" To Committee Amendment "A" (H-682)

This amendment limits the payment of the increased employment tax increment to one year instead of five years as proposed in the committee amendment. This amendment also eliminates the report required of the Loring Development Authority of Maine.

Enacted Law Summary

Public Law 2015, chapter 486 increases the amount of employment tax increment paid in fiscal year 2016-17 to the Loring Job Increment Financing Fund of the Loring Development Authority from 50% to 100% of adjusted state income tax withholding taxes attributed to employees within the area of the former Loring Air Force base above the base level of employment in 1996 and makes administrative changes to the payment process. The payment is made in 2 annual transfers, one in December 2016 and one in July 2017.

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LD 1672 An Act To Improve Priority of Tax Liens and the Collection of Sales Taxes

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCORMICK E	ONTP	

This bill makes several changes to facilitate the collection of taxes.

1. The bill clarifies that a tax lien arises at the time an assessment is made rather than the time when an assessment becomes final.
2. The bill provides that the liability for payment of sales and use tax is on the party responsible for collection of the tax whether or not the taxes are actually collected.
3. The bill changes the date for filing an income tax information return from February 28th to January 31st.
4. The bill relocates language providing for the phase-out of standard and itemized deductions to avoid a statutory anomaly. There is no substantive change.

LD 1691 An Act To Improve the Maine Tree Growth Tax Law Program

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY S	ONTP	

This bill makes the following changes to the Tree Growth Tax Law.

1. It adds “harvesting” to the list of purposes of the Tree Growth Tax Law.
2. It removes Christmas trees, maple syrup, nursery products used for ornamental purposes, wreaths, bough material or cones or other seed products from the list of forest products that qualify as having “commercial value.”
3. It removes eligibility for:
 - A. Parcels with less than 25 acres first enrolled on or after April 1, 2017. Parcels between 10 and 25 acres enrolled before April 1, 2017 may continue to be enrolled; and
 - B. Parcels for which any portion of the land is within 10 miles of the Atlantic Ocean regardless of when first enrolled.
4. It reduces withdrawal penalties by providing that parcels withdrawn due to becoming statutorily ineligible may enroll in the open space program or pay a penalty similar to the constitutional minimum penalty of five years back taxes with interest.
5. It authorizes the Bureau of Forestry to review forest management plans and actual management of the land and to require a municipality to withdraw any parcel found to be not in “substantial compliance” with the plan. The landowner is provided 120 days to come into substantial compliance. The State Tax Assessor is prohibited from paying tree growth program reimbursement to a municipality that fails to remove a parcel from enrollment following notification from the Bureau of Forestry.

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6. It provides an income tax credit to an individual who “directly” owns more than 25 but less than 100 acres of land in the aggregate regardless of where located or whether enrolled in TGT program. The credit is equal to 8% of the gain associated with cutting timber on the taxpayer’s land.

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SUBJECT INDEX

Administration of Tax Laws

Enacted

LD 1506	An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation Concerning Pension Income	PUBLIC 382 EMERGENCY
LD 1551	An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation	PUBLIC 390 EMERGENCY

Not Enacted

LD 1672	An Act To Improve Priority of Tax Liens and the Collection of Sales Taxes	ONTP
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Income Tax - General

Not Enacted

LD 1564	An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes	INDEF PP
LD 1634	An Act To Provide Tax Revenue To Offset Transfers to the Maine Clean Election Fund	Died Between Houses

Income Tax Credits, Exemptions, Deductions and Incentives

Enacted

LD 365	An Act To Provide a Tax Reduction for Modifications To Make a Home More Accessible for a Person with a Disability	PUBLIC 503
LD 1421	Resolve, Directing the Treasurer of State To Study the Most Effective Options for Maine Residents To Participate in Tax-advantaged Savings Accounts for Persons with Disabilities	RESOLVE 57
LD 1657	An Act To Simplify and Expand the Educational Opportunity Tax Credit	PUBLIC 482 EMERGENCY

Not Enacted

LD 498	An Act To Restore the Super Credit for Substantially Increased Research and Development	Died On Adjournment
LD 867	An Act To Provide Tax Fairness and To Lower Medical Expenses for Patients under the Maine Medical Use of Marijuana Act	Veto Sustained
LD 898	An Act To Reduce Student Loan Debt through an Expansion of the Educational Opportunity Tax Credit	Died On Adjournment
LD 1004	An Act To Provide Incentives To Foster Economic Growth and Build Infrastructure in the State by Encouraging Visual Media Production	Died On Adjournment

LD 1142	An Act Regarding the Taxation of Out-of-state Pensions	Died On Adjournment
LD 1505	An Act To Facilitate Student Loan Repayment by Allowing Graduates To Claim Educational Opportunity Tax Credits on Eligible Portions of Consolidated Loans	Died On Adjournment
LD 1519	An Act To Amend the Tax Laws To Strengthen Charitable Institutions, Encourage Home Ownership and Manage Medical Expenses	ONTP
LD 1587	An Act Regarding the Educational Opportunity Tax Credit	Died On Adjournment

Motor Vehicle Excise Tax

Not Enacted

LD 49	An Act To Exempt from Excise Tax Certain Vehicles Used by Persons with a Disability	ONTP
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Other Taxes

Not Enacted

LD 973	An Act To Ensure That Nicotine Products Are Taxed Equally	ONTP
LD 1530	An Act To Exempt MaineCare Appendix C Private Nonmedical Institutions from the Service Provider Tax	Died On Adjournment
LD 1622	An Act To Eliminate the Maine Estate Tax	Died Between Houses

Property Tax - Current Use

Not Enacted

LD 1691	An Act To Improve the Maine Tree Growth Tax Law Program	ONTP
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Property Tax - Exemptions

Not Enacted

LD 1667	An Act To Protect the Tax Base of Municipalities by Removing the Property Tax Exemption for Land Held for Conservation or Public Access Purposes	ONTP
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Property Tax - Valuation

Not Enacted

LD 281	Resolve, To Modify the State Valuation of the Towns of Madison, Skowhegan, East Millinocket and Jay To Reflect the Loss of Valuation of Major Taxpayers in Those Towns	Died On Adjournment
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Sales Tax Exemptions, Exclusions or Refunds

Enacted

LD 1000	An Act To Define Prosthetic and Orthotic Devices for Purposes of the Sales Tax Law	PUBLIC 495
LD 1521	An Act To Create Equity among Essential Nonprofit Health Care Providers in Relation to the Sales Tax and the Service Provider Tax	PUBLIC 510

Not Enacted

LD 1481	An Act To Protect Maine's Natural Resources Jobs by Exempting from Sales Tax Fuel Used in Commercial Farming, Fishing and Forestry	Died On Adjournment
LD 1590	An Act To Exempt from the Sales and Use Tax Sales to Certain Veterans' Organizations Funding Direct Supportive Services to Veterans and Their Families	INDEF PP
LD 1613	An Act To Exclude from Sales Tax Certain Sales by Civic, Religious and Fraternal Organizations	HELD BY GOVERNOR

Tax Increment Financing

Enacted

LD 1670	An Act To Attract Investment to Loring Commerce Centre	PUBLIC 486
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Not Enacted

LD 646	An Act To Provide Incentives for Municipal Cooperation and Shared Services	ONTP
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Unorganized Territory

Enacted

LD 1457	Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory	RESOLVE 59 EMERGENCY
LD 1623	An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2016-17	PUBLIC 432 EMERGENCY