

TAX WS 3/19/2024

TAXATION COMMITTEE
131st LEGISLATURE
2nd REG SESSION

ABBREVIATIONS

COR Carry over requested by TAX
CO-T Carried over in TAX

LD	LR	PH	WS	SPONSOR	TITLE	SUMMARY (Summaries may not reflect content of most recent committee action)	COMM ACTION	FINAL ACTION	FISCAL IMPACT ¹	
									FY24	FY25
803	1817			Perry J	An Act Regarding Taxation	This bill is a <u>concept draft</u> pursuant to Joint Rule 208. This bill would <u>make changes to the laws governing taxation.</u>	COR	CO-T		
		3/12/24	3/14/24			<p><u>Proposed amendment presented at 3/12 PH replaces the bill.</u></p> <p>The proposed amendment <u>directs DECD in consultation with OPEGA and MRS/OTP to:</u></p> <ol style="list-style-type: none"> <u>1. review aspects of the State's tax expenditures and other programs</u> that provide incentives for economic development and <u>2. evaluate the effectiveness of the programs and ways in which the programs could be more effective.</u> <u>3. DECD is directed to make a report to the TAX Committee by 1/1/25</u> regarding the findings and recommendations of the review group. <u>4. The TAX Committee is authorized to report out legislation</u> to the 132nd Legislature. <p>MRS indicates difficulties with suggested process and suggests simplification.</p>				
2022	2702	2/13	2/27 3/14	Grohoski	An Act Updating References to the United States Internal Revenue	MRS annual income tax conformity bill:				

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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					Code of 1986 Contained in the Maine Revised Statutes	This bill <u>updates references 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, 2023, for tax years beginning on or after January 1, 2023 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended</u> <u>Bill held for information regarding potential changes in federal law.</u>				
2251	3119	3/12	3/14	Perry	An Act to Amend the Mining Excise Tax Laws	This bill makes changes to the mining excise tax as recommended by a report to the Committee by the Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy, as required by Resolve 2023, chapter 83, section 1 including <u>providing a sales tax exemption for sales to a mining company for use in mining.</u> <u>The bill also:</u> 1. <u>Simplifies the excise tax imposed on a mining company</u> by establishing a formula of the gross proceeds of that mining company multiplied by 0.35 and eliminating credits for payment of certain property taxes and prepayment of taxes; 2. <u>Renames the Mining Oversight Fund the Mining Excise Tax Fund and simplifies the distribution of excise tax revenues by requiring all revenue to be deposited in the Mining Excise Tax Fund, instead of being split between the General Fund, the Mining Excise Tax Trust Fund and the Mining Impact Assistance Fund;</u> 3. <u>Eliminates the Mining Impact Assistance Fund, which is used to provide grants to municipalities, counties and the unorganized territory to offset the</u>			Current mining excise tax has raised no revenue because there has been no mining in Maine that was subject to the tax. MRS indicates 1. revenue will depend on the amount of taxable mining activity which is difficult to project. 2. Administrative costs under review. 3. Recommends simplifying the tax structure	

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						<p><u>loss of property tax revenue and to provide necessary new or additional public facilities and services related to mining; and</u></p> <p><u>4. Requires the Governor to propose uses for the Mining Excise Tax Fund as part of the biennial budget.</u></p> <p><u>Concerns:</u></p> <p>1. <u>Typo in tax rate</u> (page 2, line 22) says tax is gross proceeds multiplied by 0.35 (35%). Intent was 0.035 (3.5%).</p> <p>2. MRS recommends simplification of tax (MRS testimony p. 3 bullet points.</p> <ul style="list-style-type: none"> a. Allignment with Title 38 mining definitions b. Rely on BETE rather than more complicated provisions (MRS preparing amendment) c. New STE for products used in commercial mining (MRS preparing amendment) <p>3. Concern for use of revenue. Bill Some nterest in including Land for Maine’s Future.</p>				
2258	2856	3/14	3/19	President Jackson	An Act to Create an Income Tax Credit for Investments in a Team's Qualified Minor League Baseball Facility to Keep the Team in the State	<p>This bill provides an <u>income tax credit</u> for</p> <ol style="list-style-type: none"> 1. a <u>qualified investment of at least \$1,000,000 but no more than \$15,000,000</u> 2. <u>by a certified applicant</u> 3.<u>in a qualified professional baseball facility in the State.</u> 4. The certified <u>applicant must continue operations as a professional baseball facility for at least 60 months following the investment for which the tax credit is issued.</u> 				MRS indicates that revenue impact of the bill is not currently available.

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						Proposed amendment presented by Pres. Jackson. MRS indicates many technical concerns				
2262	3134	3/14	3/19	Perry	An Act to Amend the Process for the Sale of Foreclosed Properties Due to Nonpayment of Taxes	<p>This bill is reported out by the Joint Standing Committee on Taxation. It is the <u>recommendation of the Working Group to Study Equity in the Property Tax Foreclosure Process pursuant to Public Law 2023, chapter 358.</u></p> <p><u>This bill amends the process following the foreclosure on a property by a municipality for failure to pay property taxes and the return of excess funds by:</u></p> <ol style="list-style-type: none"> 1. <u>Requiring a municipality to make 3 attempts to contract with a real estate broker for the sale of the property;</u> 2. <u>Requiring that a real estate broker attempt to sell the property for 6 months before the municipality can sell the property in a manner authorized by the municipality's legislative body;</u> 3. <u>Eliminating the requirement that the former owner submit a written demand for the return of the excess funds;</u> 4. <u>Allowing a municipality to deduct from the proceeds of the sale, in addition to the other costs authorized under current law,</u> <ol style="list-style-type: none"> a. fees incurred for advertising, b. mailing and recording related to the property and c. expenses incurred in improving the property; 5. <u>Requiring a municipality, at least 30 days prior to the disbursement of excess proceeds to the former</u> 			<p>Amendment proposed by Maine Equal Justice (Frank D'Alessandro)</p> <p>Amendment proposed by National Consumer Law Center</p> <p>MRS MAJOR RECOMMENDATIONS of REPORT</p> <ol style="list-style-type: none"> 1. Remove the existing pre-sale notice and demand requirement 2. Allow municipalities to deduct the costs of improving tax-acquired property 3. Add rules governing when a municipality is unable to contract or sell a property 4. Include a provision governing when a municipality intends to keep a tax-acquired property 5. Require pre-payment notice before distributing excess sale proceeds 6. Provide a process for situations when the former owner cannot be located 7 Remove a provision providing for a quitclaim deed from a former owner 8. Clarify and strengthen waiver of former owner's rights to file title action and 9. Require recorded notice of payment of proceeds, 	

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						<p>owner, to provide notice of such intent to the former owner and each record holder of an interest in the property. The notice must be made by certified mail, return receipt requested;</p> <p>6. Requiring the municipality, <u>if municipality is unable to locate the former owner, to have published in a newspaper of general circulation in the county in which the property is located, a notice specifying the former owner, a description of the property sold, the amount of the excess proceeds and the date by which the proceeds must be claimed; and</u></p> <p>7. Requiring the municipality, <u>within 10 days of paying the excess proceeds to the former owner, to record in the registry of deeds a notice indicating the payment of the excess proceeds, to whom the payment was made, the date of the payment, a description of the property sold and a statement that the former owner waived, by accepting the excess proceeds, the right to commence an action to dispute the taking of the property.</u></p>				