

<i>LD 1216</i>	<i>Summary</i>
<b>Be it enacted by the People of the State of Maine as follows:</b>	
<b>Emergency preamble. [Removed by proposed Committee Amendment]</b>	
<b>Income Tax</b>	
<b>Sec. A-1. 20-A MRSA §12545</b>	Changes the due dates for community colleges, colleges and universities, Department of Education and Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy reports on the implementation of the educational opportunity tax credit from February 1, 2021, for the colleges, and March 1, 2021, for the Department of Education and Office of Tax Policy, to February 1, 2022.
<b>Sec. A-2. 22 MRSA §2430, sub-§3</b>	Repeals the requirement that remaining funds in the Medical Use of Marijuana Fund be used to fund the cost of the tax deductions provided pursuant to the Maine Revised Statutes, Title 36, section 5122, subsection 2, paragraph PP and Title 36, section 5200-A, subsection 2, paragraph BB and the cost of the position in the Department of Administrative and Financial Services, Bureau of Revenue Services to administer the tax deductions.
<b>Sec. A-3. 36 MRSA § 2519</b>	Expands the so-called Maine insurance premiums retaliatory tax to include insurance companies incorporated in the District of Columbia or a possession of the United States.
<b>Sec. A-4. 36 MRSA § 5195, sub-§7</b> <b>Sec. A-5. 36 MRSA § 5196, sub-§1</b> <b>Sec. A-6. 36 MRSA §5196, sub-§3</b> <b>Sec. A-7. 36 MRSA §5196, sub-§4</b> <b>Sec. A-8. 36 MRSA §5196, sub-§5</b> <b>Sec. A-9. 36 MRSA §5196, sub-§6</b>	<p>Clarifies that the Maine reporting and tax payment requirements related to federal partnership adjustments under the new federal centralized partnership audit rules includes negative federal adjustments arising from Internal Revenue Service partnership audits and administrative adjustment requests filed with the Internal Revenue Service, and amends the requirements to allow a refund directly to the partnership in lieu of a refund to the affected partners to the extent that negative adjustments exceed positive adjustments.</p> <p>Clarifies that the Maine reporting and tax payment requirements related to federal partnership adjustments under the new federal partnership audit rules also apply to a partnership that has filed an administrative adjustment request with the federal Internal Revenue Service.</p>
<b>Sec. A-10. 36 MRSA §5219-X, sub-§6</b>	Section A-10 and A-13 modify the February 1, 2024 report on the renewable chemicals tax credit issued by the Department of Economic and Community Development to remove required reporting on the number of indirect jobs created and to include reporting on the newly reinstated credit for biofuel commercial production and commercial use under Title 36, section 5219-X.

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<b>Sec. A-11. 36 MRSA § 5219-XX</b>	Makes the following changes to the renewable chemicals tax credits: <ul style="list-style-type: none"> <li>a. Adds taxpayer information reporting and 3rd-party testing and verification credit requirements, to be specified by rules of the State Tax Assessor;</li> <li>b. Clarifies that the renewable chemicals may not be sold as food, feed or fuel and that they must be produced in Maine.</li> <li>c. Clarifies several definitions in the renewable chemicals tax credit, it defines and specifically includes cellulose nanomaterials in the definition of renewable chemicals. <b>[Added by proposed Committee Amendment]</b></li> </ul>
<b>Sec. A-12. 36 MRSA § 5242</b>	Establishes a penalty for persons who fail to provide returns of information to the State Tax Assessor or who willfully furnish to the assessor a false or fraudulent return of information. Generally, returns of information consist of Forms W-2, Forms 1099 and other similar forms containing tax information necessary for filing Maine tax returns. Similar to the penalty imposed for failure to provide information statements, or for willfully providing a false or fraudulent statement to payees, the penalty is \$50 for each failure to provide a return of information to the State Tax Assessor. The penalty applies to returns of information required to be filed on or after January 31, 2022.
<b>Sec. A-13. PL 2019, c. 628, §4</b>	Section A-10 and A-13 modify the February 1, 2024 report on the renewable chemicals tax credit issued by the Department of Economic and Community Development to remove required reporting on the number of indirect jobs created and to include reporting on the newly reinstated credit for biofuel commercial production and commercial use under Title 36, section 5219-X.
<b>Sec. A-14. Effective date.</b>	Sets the normal, 90-day, effective date for this Part. <b>[Removed by proposed Committee Amendment]</b>
<b>Sec. A-?. 36 MRSA §5122, sub-§2, ¶X</b>	Provides an individual taxpayer with a subtraction modification for amounts previously added back to federal taxable income by a corporation of which the taxpayer is a shareholder and by which, absent an S corporation election, the corporation could have reduced its federal taxable income for the taxable year pursuant to Maine Revised Statutes, Title 36, section 5200-A, subsection 2, paragraph FF, relating to bonus depreciation. <b>[Added by proposed Committee Amendment]</b>
<b>Sales Tax</b>	
<b>Sec. B-1. 36 MRSA § 1752, sub-§5</b>	Clarifies that the Title 36, Part 3 definition of "in this State" includes sales of tangible personal property and taxable services sourced in this State pursuant to Title 36, section 1819.
<b>Sec. B-2. 36 MRSA § 1754-B, sub-§1-A</b>	Repeals the presumptive sales and use tax registrations requirements for affiliate-based and certain agent-based connections with the State.

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<b>Sec. B-3. 36 MRSA § 1754-B, sub-§1-B</b>	Corrects a conflict created when 2 different public laws enacted the same section of law and: A. Clarifies that the remote seller and marketplace registration requirements apply based on sales in this State and not the location from which they are delivered; B. Repeals the remote seller and marketplace facilitator sales and use tax registration requirement for persons or marketplace facilitators, respectively, with at least 200 separate sales transactions in the State; and C. Clarifies the agent, representative, salesperson, solicitor or distributor registration requirements by removing the redundant term "storage".
<b>Sec. B-4. 36 MRSA § 1819, sub-§2</b>	Expands the sales and use tax sourcing provision to apply to all sales and not just retail sales.
<b>Sec. B-5. Application date.</b>	This Part applies to sales occurring on or after January 1, 2022.
<b>Sec. B-6. Effective date.</b>	Sets the normal, 90-day, effective date for this Part. <b>[Removed by proposed Committee Amendment]</b>
<b>Sec. B-?. 36 MRSA § 1752, sub-§11, ¶B, sub-¶(3)</b>	It clarifies the exclusion from retail sale of pickup trucks and vans with a gross vehicle weight of less than 26,000 pounds when purchase by a person primarily engaged in the business of renting automobiles. <b>[Added by proposed Committee Amendment]</b>
<b>Property Tax</b>	
<b>Sec. C-1. 36 MRSA § 383, sub-§2</b>	Lowers the declared ratio accuracy threshold from within 20% to within 10% of the state valuation ratio last determined to align with the accuracy requirement provided for state reimbursement for the homestead exemption.
<b>Sec. C-2. 36 MRSA § 655, sub-§1, ¶U</b>	Sections C-2 - C-6, update and align the audit authority for exemptions that are reimbursed by the State to municipalities, allowing for the audit of all reimbursable exemptions.
<b>Sec. C-3. 36 MRSA § 656, sub-§1, ¶K</b>	
<b>Sec. C-4. 36 MRSA § 661, sub-§6</b>	
<b>Sec. C-5. 36 MRSA § 689</b>	
<b>Sec. C-6. 36 MRSA § 697</b>	
<b>Sec. C-7. Effective date.</b>	Sets the normal, 90-day, effective date for this Part. <b>[Removed by proposed Committee Amendment]</b>
<b>COVID-19</b>	
<b>Sec. D-1. 36 MRSA § 1760, sub-§45, ¶A-4</b>	Aligns the Title 36 definitions of "disaster period" with the Title 10, section 9902 definition.
<b>Sec. D-2. 36 MRSA § 5102, sub-§6-C</b>	

<b>Sec. D-3. Educational opportunity tax credit</b>	Relaxes the "work in Maine" requirement of the educational opportunity tax credit by deeming a qualified individual who worked in this State immediately prior to, or at any point during, the state of emergency declared by the Governor due to the COVID-19 pandemic to have worked in this State for the entire state of emergency. <b>[Removed by proposed Committee Amendment]</b>
<b>Sec. D-4. Machinery or equipment used in production</b>	Relaxes the primary use requirement of the sales tax exemption for machinery and equipment by determining the equipment's primary use based only on the days in use.
<b>Sec. D-5. Credit for income tax paid to other taxing jurisdictions</b>	Allows taxpayers to use the sourcing law of another jurisdiction when calculating the credit for income tax paid to other jurisdictions in certain COVID-19 pandemic-related teleworking circumstances. <b>[Proposed amendment applies this provision to tax year 2021 instead of tax year 2020]</b>
<b>Factor Presence</b>	
<b>Sec. E-1. 36 MRSA §5102, sub-§10</b>	Part E clarifies and simplifies the corporate income tax law by establishing clearly defined, objective nexus thresholds as a practical structure for the current general "economic nexus" standard. These so-called factor presence thresholds clarify the minimum thresholds that, when exceeded by a corporation, subject that corporation to the Maine corporate income tax. In addition, the new thresholds create a safe harbor for corporations with little activity within the State that nonetheless have nexus under current law due to a small, but greater than de minimis, physical presence in the State. The new thresholds are \$250,000 of property, \$250,000 in payroll or \$500,000 in sales in Maine, or 25% of total property, payroll or sales in Maine, as determined under Title 36, chapter 821. The thresholds apply to tax years beginning on or after January 1, 2022.
<b>Sec. E-2. 36 MRSA §5200-B</b>	
<b>Sec. E-3. 36 MRSA §5211, sub-§14</b>	
<b>Sec. E-4. Application</b>	
<b>Sec. E-5. Effective date.</b>	Sets the normal, 90-day, effective date for this Part. <b>[Removed by proposed Committee Amendment]</b>
<b>Digital Streaming</b>	
<b>Sec. F-1. 30-A MRSA §5681, sub-§5</b>	Part F updates, clarifies and simplifies the service provider tax law regarding consumer purchases of digital media by equalizing the tax treatment between the various modes of purchase for sales occurring on or after October 1, 2021. <b>[Removed by proposed Committee Amendment]</b>
<b>Sec. F-2. 36 MRSA §2551, sub-§2-B</b>	
<b>Sec. F-3. 36 MRSA §2551, sub-§2-C</b>	
<b>Sec. F-4. 36 MRSA §2551, sub-§2-D</b>	
<b>Sec. F-5. 36 MRSA §2552, sub-§1, ¶L</b>	
<b>Sec. F-6. 36 MRSA §2552, sub-§1, ¶M</b>	

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<b>Sec. F-7. 36 MRSA §2552, sub-§1, ¶N</b>	
<b>Sec. F-8. 36 MRSA §2556-A</b>	
<b>Sec. F-9. 36 MRSA §2559</b>	
<b>Sec. F-10. Application.</b>	
<b>Sec. F-11. Effective date.</b>	
<b>Emergency clause.</b>	Sets the emergency effective date for Part D. <b>[Removed by proposed Committee Amendment]</b>