

Shaded LDs have been voted on by the Committee

# WS 2/9/2023

**TAXATION COMMITTEE  
131<sup>st</sup> LEGISLATURE  
1st REG SESSION**

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| LD | LR  | PH   | WS | SPONSOR | TITLE   | SUMMARY<br>(Summaries may not reflect content of most recent committee action)  | COMM ACTION | FISCAL IMPACT <sup>1</sup>   |      |
|----|-----|------|----|---------|---|---|-------------|--|------|
|    |     |      |    |         |   |   |             | FY24   | FY25 |
| 6  | 124 | 1/31 |    | Terry   | Resolve, Authorizing the State Tax Assessor to Convey the Interest of the State in Certain Real Estate in the Unorganized Territory | <p>This resolve is <u>annual MRS bill</u> that authorizes the State Tax Assessor to <u>convey the interest of the State in several parcels of real estate in the Unorganized Territory (UT) that were acquired by the State for nonpayment of property taxes.</u></p> <p>MRS administers the property tax in the UT. Revenue from property tax in the UT is deposited in a Special Fund and used to cover the cost of municipal services provided in the UT.</p> <p>Property owners are given the opportunity to pay amounts owed before the property is sold.</p>  |             |  |      |
| 7  | 122 | 1/31 |    | Terry   | An Act to Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes              | <p>This bill is the <u>annual MRS bill</u> that updates the date of <u>conformity</u> with the U.S. Internal Revenue Code contained in the Maine Revised Statutes, Title 36</p> <p>The date of conformity in <u>current law is 12/31/21</u>. This <u>bill changes the date to 12/31/22</u> and applies to tax years beginning on or after January 1, 2022 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended.</p> <p>This bill conforms to changes in federal law enacted in calendar year 2022.</p> <p><u>MRS proposed amendment:</u><br/>Delinks Maine IT standard deduction and dependent exemption credit from federal law to maintain the benefits at current statutory rates rather than being reduced due to federal sunset in 2026.</p> |             | <p><u>MRS estimate:</u><br/>Conforming to federal sunset in 2026 will result in approximately \$300,000,000 additional Maine IT revenue in FY 26 and subsequent years.</p> |      |

<sup>1</sup> . 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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|    |     |      |    |         |   |  |             | FY24  | FY25 |
|    |     |      |    |         |   | Timing in current budget bill requested to take into consideration for Revenue Forecasting process for FY 26-27<br><br>Maine Center for Economic Policy proposes adopting 6.8% minimum corporate tax.  |             |   |      |
| 66 | 250 | 1/31 |    | Perkins | An Act to Prohibit the Taxation of Drinking Water | This bill expands the <u>sales tax exemption</u> for grocery staples to include <u>drinking water</u> other than flavored, mineral bottled and carbonated waters.<br><br><u>MRS testimony:</u><br><ol style="list-style-type: none"> <li>1. “<u>drinking water</u>” should be defined. Suggest Streamlined Sales Tax definition of “bottled water”.</li> <li>2. Questions <u>whether it intended to include drinking water sold for nonresidential use</u> (e.g. hotels etc)</li> <li>3. Needs <u>application date</u>.</li> </ol> |             | MRS PH -testimony contains <u>preliminary estimate</u> revenue loss of \$7.5 million and \$10 million annually but depends on clarifications.<br><br>MRS Admin Costs minimal and can be absorbed.<br><br>In response to question from Rep. Rudnicki at PH, <u>Newel Augur</u> estimates <u>\$3.1 million per year from ST on bottled water</u> . See related email. |      |