**PREPARED BY PIERCE ATWOOD LOBBYING TEAM**

The Second Regular Session of the 131st Maine Legislature adjourned sine die Friday, May 10, 2024. The general effective date of nonemergency laws passed in the Second Regular Session of the 131st Legislature is Friday, August 9, 2024. A brief overview of several tax bills the Maine CPAs were monitoring that passed during the Second Regular Session of the 131st Legislature is as follows:

* **LD 803: An Act Regarding Department of Economic and Community Development Evaluations of State Investments in Economic Development** 
  + Signed by the Governor on April 9, 2024
  + [Public Law 2023, Chapter 599](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0492&item=3&snum=131)
  + Summary: This bill adds the Taxation Committee as a recipient of Department of Economic and Community Development evaluations and progress reports regarding state investments in economic development.
* **LD 1337: An Act to Require a Biennial Report on the Corporate Income Tax of the Joint Standing Committee Having Jurisdiction over Taxation Matters**
  + Became Law without the Governor’s Signature on April 16, 2024
  + [Public Law 2023, Chapter 627](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0851&item=3&snum=131)
  + Summary: This bill requires a biennial report from the Department of Administrative and Financial Services, Bureau of Revenue Services to the Taxation Committee regarding certain aggregate corporate income tax data.
* **LD 1891: Resolve, to Require the Office of Tax Policy to Study the Adoption of a Pass-through Entity Income Tax**
  + Signed by the Governor on April 16, 2024
  + [Resolve 2023, Chapter 170](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1212&item=3&snum=131)
  + Summary: This bill requires the Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy to examine and evaluate the State’s current system of taxation of business income at the partner or shareholder level and the possible adoption of a mandatory or elective pass-through entity income tax to tax such pass-through income, including the possibility of moving the taxation of that income, or some portion o that income, from the partner or shareholder level to the business entity that generated the income. The Office of Tax Policy is required to report to the Taxation Committee by January 15, 2025, and the committee is authorized to report out legislation related to the report to the 132nd Legislature in 2025.
* **LD 1948: An Act to Amend the State’s Data Governance Program**
  + Signed by the Governor on March 28, 2024
  + [Public Law 2023, Chapter 581](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1252&item=3&snum=131)
  + Summary: This bill makes several changes to the laws governing the data governance program for State Government.

Additionally, on April 18, 2024, the Legislature passed a joint order that carried over, in the same posture, all legislation not finally disposed of upon adjournment sine die of the Second Regular Session of the 131st Legislature to any special session of the 131st Legislature. The following bills, monitored by the Maine CPAs this past session, have been carried over to a potential special session of the 131st Legislature:

* [**LD 457**](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=SP0211&item=1&snum=131)**: An Act to Amend Maine’s Tax Laws**
* [**LD 1725**](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=SP0689&item=1&snum=131)**: An Act to Strengthen Legislative Oversight of Government Agencies and Programs by Providing the Government Oversight Committee Access to Confidential Records**

On April 12, 2024, the Legislature enacted **LD 1231: An Act to Bring Fairness in Income Taxes to Maine Families by Adjusting the Tax Brackets**. However, the Governor vetoed the bill on April 26, 2024. The Legislature sustained the Governor’s veto on May 10, 2024, so the bill is officially dead. This bill would have, beginning in 2025, changed the current income tax brackets by increasing the threshold amount of income subject to the lower current tax rate of 5.8%, 6.75% or 7.15%. The bill would have added three new income tax brackets and imposed tax rate of 7.55%, 7.15% and 8.45% in those new brackets.

Finally, the Governor’s supplemental budget, [**Public Law 2023, Chapter 643**](https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1420&item=23&snum=131), made a couple changes to the sales tax. Those changes are as follows:

* Part H: Effective January 1, 2025, the term “sale” for Maine sales and use tax purposes includes leases and rentals of tangible personal property. Thus, lease and rental payments will become subject to tax as of January 1, 2025, unless an exemption applies. Under the new law, “lease or rental” is generally defined as “any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration and may include future options to purchase the property or extend the lease or rental.” Additional definitional inclusions and exclusions are provided.

The new law provides an exclusion for the sale or lease or rental to a lessor that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C of tangible personal property for lease or rental.

Additionally, the new law provides for a sales tax refund to qualified lessors who paid Maine sales or use tax on the purchase of qualifying lease or rental property on or after January 1, 2023, and before January 1, 2025, and who collected and remitted Maine sales or use tax on the lease or rental of qualifying lease or rental property on or after January 1, 2025. A qualified lessor must file the refund claim between January 1, 2027, and March 31, 2027.

* Part XXX: This Part incorporates LD 2251, An Act to Amend the Mining Excise Tax Laws, with the amendment voted on by the Joint Standing Committee on Taxation. This Part makes changes to the mining excise tax as recommended 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, with changes to tax rate and revenue use voted on by the Taxation Committee. This Part:
  + Simplifies the excise tax imposed on a mining company by establishing a formula of the gross proceeds of that mining company multiplied by 0.05 and eliminating credits for payment of certain property taxes and prepayment of taxes;
  + Eliminates the Mining Impact Assistance Fund and the Mining Oversight Fund and simplifies the distribution of excise tax revenues by requiring 75% of revenue to be deposited in the Mining Excise Tax Trust Fund and 25% in the General Fund, instead of being split between municipal reimbursement, the Mining Oversight Fund, the General Fund, the Mining Excise Tax Trust Fund and the Mining Impact Assistance Fund;
  + Aligns and better integrates the Maine Mining Excise Tax with the Maine Revised Statutes, Title 38 environmental mining statutes and regulations;
  + Expands the refund of sales tax on depreciable machinery and equipment purchases to apply to commercial mining; and
  + Simplifies the business property tax provisions under Maine Revised Statutes, Title 36, Chapter 371, Mining Excise Tax, by applying general property tax administration and appeals processes while preserving the property tax exempt treatment of unextracted minerals.