

**ENACTED TAX LEGISLATION – 2017 SESSION**  
**General (non-emergency) effective date: November 1, 2017**

**(Includes legislation enacted in prior sessions that become effective beginning in 2017)**

**1) Administrative Provisions**

**Lien procedures.** Beginning August 1, 2017, the existing tax lien provisions are changed to increase the State’s ability to be first in line in priority ahead of certain other creditors for payment on a tax debt. Lien provisions related to municipal property taxes are not changed. 36 M.R.S. §§ 175-A(1), 175-A(1-A), 175-A(3), and 175-A(4); LD 1551, PL 2017, c. 211, Pt. A, §§ 2 through 5.

**Interest rate.** For calendar years beginning on or after January 1, 2018, the annual calculation of the interest rate applicable to tax underpayments and overpayments is changed to equal the prime rate plus one percentage point effectively reducing the applicable interest rate. 36 M.R.S. § 186, first ¶; LD 1551, PL 2017, c. 211, Pt. A, § 6.

**Disclosure of tax information.** Several changes were made regarding the disclosure of certain confidential tax information as follows:

- Clarifies that the disclosure of information acquired pursuant to 36 M.R.S. Part 2 (property tax) and chapter 367 (commercial forestry excise tax) is permitted except when statute specifically designates the information as confidential. 36 M.R.S. § 191(2)(I); LD 1551, PL 2017, c. 211, Pt. A, § 7.
- Maine Revenue Services is authorized to divulge relevant confidential tax information to the Department of Administrative and Financial Services, Division of Financial and Personnel Services in addition to the Department of Health and Human Services for purposes of financial accounting and revenue forecasts in support of statutory duties of the Department of Administrative and Financial Services. 36 M.R.S. § 191(2)(R); LD 1551, PL 2017, c. 211, Pt. A, § 8.
- Maine Revenue Services and the Office of Tax Policy are authorized to divulge relevant confidential tax information to the Revenue Forecasting Committee in support of the committee’s statutory duties. 36 M.R.S. § 191(2), ¶ CCC; LD 1551, PL 2017, c. 211, Pt. A, §§ 1 and 9.
- Maine Revenue Services is authorized to disclose tax information to the Maine Commission on Indigent Legal Services for the purpose of determining eligibility for indigent legal services and the ability to reimburse expenses incurred for assigned counsel and contract counsel under Title 4, chapter 37. 36 M.R.S. § 191(2), ¶ DDD; LD 390, PL 2017, c. 284, Pt. UUUU, § 16.

**Legislative reporting requirements.** Several MRS legislative reporting requirements are changed as follows:

- The requirement that the State Tax Assessor submit an annual report to the Legislature identifying the amount of public funds spent and the amount of revenues foregone as the result of economic development incentives is repealed. 5 M.R.S. § 13070-J(4)(A); LD 1551, PL 2017, c. 211, Pt. E, § 1. (Conflict: See LD 1217, PL 2017, c. 264, § 11.)
- The requirement that the State Tax Assessor submit an annual report to the Legislature on the costs incurred in creating and maintaining, and the tax revenues collected by using, the data warehouse authorized by the Maine Revised Statutes, Title 36, section 194, is repealed. 36 M.R.S. § 194(3); LD 1551, PL 2017, c. 211, Pt. E, § 2.
- The requirement that the State Tax Assessor submit an annual report to the Legislature regarding the consultation process required by Title 36, section 194-A (related to significant changes in policy, practice or interpretation of sales and use tax law) and the issues involved with, and results of, each such consultation is repealed effective January 1, 2018. The required consultation with the Attorney General's Office on these issues remains in effect. 36 M.R.S. § 194-A; LD 1551, PL 2017, c. 211, Pt. E, § 3.
- Changes the due date of the tax expenditure report submitted to the Legislature by the State Tax Assessor from January 5<sup>th</sup> to February 15<sup>th</sup> of each odd-numbered year and requires that information regarding reimbursements of property taxes paid on certain business property made pursuant to Title 36, chapter 915 be added to the report. 36 M.R.S. § 199-B(1); LD 1551, PL 2017, c. 211, Pt. E, § 4.
- The due date of the tax incidence report submitted to the Legislature by the State Tax Assessor is changed from January 1st to February 15th of each odd-numbered year. 36 M.R.S. § 200(1); LD 1551, PL 2017, c. 211, Pt. E, § 5.
- The report submitted to the Legislature by the State Tax Assessor no later than February 1st annually identifying all requests for an adjustment of equalized valuation under Title 36, section 208-A must pertain to the most recently completed fiscal year rather than the previous calendar year. 36 M.R.S. § 208-A(6); LD 1551, PL 2017, c. 211, Pt. E, § 6.
- The requirement that the Commissioner of Administrative and Financial Services submit an annual report to the Legislature regarding the Mining Impact Assistance Fund is repealed. 36 M.R.S. § 2863(7); LD 1551, PL 2017, c. 211, Pt. E, § 7.
- The requirement that the State Tax Assessor submit an annual report to the Legislature containing information that includes a list of persons receiving reimbursement for property taxes both under the business equipment tax reimbursement program and under a tax increment financing agreement is repealed. 36 M.R.S. § 6664; LD 1551, PL 2017, c. 211, Pt. E, § 8.
- The requirements that the Governor's Office of Policy and Management annually prepare long-range economic projections and conduct studies and continuing economic analyses of the state economy and to assess and report on progress made by the State, municipalities, counties and school administrative units in achieving tax burden goals for the Governor and the joint standing committee of the Legislature having jurisdiction over taxation matters are repealed. 36 M.R.S. § 7302; LD 390, PL 2017, c. 284, Pt. GG, § 6.

## 2) General

**Conformity.** References to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 are updated to refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2016. The changes apply to tax years beginning on or after January 1, 2016 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986 as amended. 36 M.R.S. § 111(1-A); LD 885, PL 2017, c. 24.

**Information returns.** The due date by which information returns, such as Form W-2, must be filed with Maine Revenue Services is changed from February 28<sup>th</sup> to January 31<sup>st</sup> following the calendar year to which the information return relates. The change in the due date applies to information returns filed for calendar years beginning on or after January 1, 2017. 36 M.R.S. § 5242; LD 1551, PL 2017, c. 211, Pt. D, §§ 12 and 14.

## 3) Individual Income Tax

### Changes applicable to tax years beginning in 2017

**Tax rate schedules for tax years beginning on or after January 1, 2017.** For tax years beginning on or after January 1, 2017, the top tax bracket threshold is increased from \$37,500 to \$50,000 for single individuals and married persons filing separate returns; from \$56,250 to \$75,000 for unmarried individuals or legally separated individuals who qualify as heads of household; and, from \$75,000 to \$100,000 for married taxpayers filing joint returns and surviving spouses.

For tax years beginning after 2016, the lowest dollar amount of each tax rate schedule will be adjusted for inflation. For tax years beginning on or after January 1, 2018, the highest dollar amount of each tax rate schedule will be adjusted for inflation.

36 M.R.S. § 5111, sub-§§ 1-F, 2-F and 3-F and § 5403(1); LD 1019, PL 2015, c. 267, Pt DD, §§ 3, 5, 7 and 33.

**Income tax surcharge.** For tax years beginning on or after January 1, 2017, the 3% individual income tax surcharge enacted by IB 2015, c. 4, § 2 (I.B. 3 – LD 1660) on taxable income in excess of \$200,000 is repealed. 36 M.R.S. § 5111(6); LD 390, PL 2017, c. 284, Pt. D, §§ 2 and 3.

**Addition for disability income protection plans in the workplace.** The addition modification for expenditures used to calculate the credit for disability income protection plans in the workplace applicable to tax years beginning on or after January 1, 2017 that are also used as an expense in calculating federal adjusted gross income is repealed. 36 M.R.S. §§ 5122(1)(KK); LD 1551, PL 2017, c. 211, Pt. D, § 1.

**Military pension income deduction.** The military pension income deduction is amended to clarify that the subtraction modification applies to retirement plan benefits received as a result of

service in the United States Army, Navy, Air Force, Marines or Coast Guard. 36 M.R.S. §§ 5122(2)(M), 5122(2)(M-1) and 5122(2)(M-2); LD 1570, PL 2017, c. 170, Pt. H.

**Standard deduction amount.** For tax years beginning after 2016, the single standard deduction amount will be adjusted for inflation. The standard deduction amount for unmarried or legally separated individuals filing as heads of household will be 1.5 times the single standard deduction and 2 times the single standard deduction for married taxpayers filing joint returns or surviving spouses. 36 M.R.S. §§ 5124-B and 5403(2); LD 1019, PL 2015, c. 267, Pt. DD, §§ 14 and 33.

**Itemized deduction amount.** The requirement to reduce Maine itemized deductions by the amount of expenses included in the base for calculating the adult dependent care credit is repealed. 36 M.R.S. § 5125(3)(G); LD 1551, PL 2017, c. 211, Pt. D, § 4.

**Sales tax fairness credit.** For tax years beginning on or after January 1, 2017, the amount of the base credit is increased to a range of \$125 to \$225, depending on the number of exemptions claimed on the taxpayer's return. The income threshold amounts related to the phaseout are adjusted for inflation for tax years beginning after 2016 and the base credit amounts will be adjusted for inflation for tax years beginning after 2017. 36 M.R.S. §§ 5213-A and 5403(5); LD 1019, PL 2015, c.267, Pt. DD, §§ 19 and 33; LD 1452, PL 2015, c. 328, § 4.

**Property tax fairness credit.** For tax years beginning on or after January 1, 2017, married individuals filing separate returns are prohibited from claiming the property tax fairness credit. 36 M.R.S. § 5219-KK(2); LD 1551, PL 2017, c. 211, Pt. D, §§ 6, 7 and 14.

**Credit for certain homestead modifications.** For tax years beginning on or after January 1, 2017, a credit against income tax is allowed for individual taxpayers whose federal adjusted gross income is not more than \$55,000. The credit is equal to the lesser of \$9,000 or the applicable percentage (up to 100%) of qualified expenses incurred for certain home modifications to make a homestead accessible to an individual with a disability or physical hardship. Qualified expenditures must be certified by the Maine State Housing Authority. The credit is limited to the tax liability of the taxpayer. Carryforward provisions apply.

A provision limiting the total credits allowed for all taxpayers to an annual aggregate of \$1,000,000 per calendar year is repealed.

36 M.R.S. § 5219-NN; LD 365, PL 2015, c. 503; 36 M.R.S. § 5219-PP; LD 1551, PL 2017, c. 211, Pt. D, §§ 10 and 14.

**Credit for disability income protection plans in the workplace.** For tax years beginning on or after January 1, 2017, a credit against income tax is allowed for employers providing either a qualified short-term disability income protection plan or a qualified long-term disability income protection plan. The credit is equal to \$30 per employee enrolled in a plan after January 1, 2017 who was not covered under a disability income protection plan offered by the employer in the tax year immediately preceding the year the employer is first eligible for the credit. The credit must be taken in the first year the employer becomes eligible to claim the credit and may be claimed

for up to 3 consecutive tax years. The credit is limited to the tax liability of the taxpayer and any unused credit may not be carried back or forward to any other tax year. 36 M.R.S. §§ 5122(1)(KK) & 5219-NN; LD 1542, PL 2015, c. 490, §§ 7 & 8; 36 M.R.S. § 5219-OO; LD 1551, PL 2017, c. 211, Pt. D, §§ 9 and 14.

### **Changes applicable to tax years beginning in 2018**

**Standard/itemized deduction phaseout.** For tax years beginning in 2018 and each year thereafter, the standard/itemized deduction income threshold amounts related to the phaseout will be adjusted for inflation. 36 M.R.S. § 5403(4); LD 1019, PL 2015, c. 267, Pt. DD, § 33.

### **Changes applicable to tax years beginning in 2020**

**Credit for major business headquarters expansion.** A business that has its headquarters located in Maine or that plans to locate its headquarters in Maine; that employs at least 5,000 full-time employees, of which at least 25% are employed in Maine; that has business locations in at least 3 other states or foreign countries; that has made an investment of at least \$35,000,000 to design, permit, construct, modify, equip or expand its headquarters in Maine; and that has received a certificate of approval and a certificate of completion from the Department of Economic and Community Development (DECD) is, for each tax year beginning after 2019, eligible for a refundable credit equal to 2% of the taxpayer's qualified investment. DECD may not issue certificates for more than \$100,000,000 of qualified investment in the aggregate, or \$40,000,000 of qualified investment on any one certificate. The credit may be claimed for a total of 20 tax years for each qualified investment for which a certificate of completion has been received. During the first 10 years the credit may be claimed, the taxpayer must add a minimum of 80 new full-time jobs each year for continued eligibility and, for each year 11 through 20, the taxpayer must maintain employment of the 800 new full-time jobs that were added during the first 10 years of credit eligibility. The aggregate credit that may be claimed with respect to each certificate of completion (i.e. each qualified investment) is \$16,000,000.

By February 28, 2018, the Office of Program Evaluation and Government Accountability must submit to the Legislature's Taxation Committee and the Government Oversight Committee a review that assesses the extent to which the design of the credit supports accomplishment of the credit's purposes, intent and goals; benefits the intended beneficiaries; and the extent to which Maine's current or planned administration of the credit is efficient and effective.

By March 1<sup>st</sup> of each year, a certified applicant must file a report with DECD that includes the number of full-time employees based in Maine and the incremental amount of qualified investment made during the tax year that ends during the immediately preceding calendar year.

By April 1<sup>st</sup> of each year, DECD must submit a report to the Legislature's Taxation Committee that includes aggregate data on employment levels and qualified investment amounts with respect to taxpayers receiving a certificate of approval. In addition, the State Tax Assessor must report the revenue loss associated with each taxpayer credit claim. To accommodate the assessor's reporting requirement, the bill provides an exception to the general confidentiality

laws that authorizes Maine Revenue Services to divulge to the Taxation Committee the revenue loss attributable to each taxpayer claiming the credit.

36 M.R.S. §§ 191(2)(DDD) and 5219-QQ; LD 1639, PL 2017, c. 297

#### **4) Fiduciary Income Tax**

##### **Changes applicable to tax years beginning in 2017**

**Tax rate schedules for tax years beginning on or after January 1, 2017.** For tax years beginning on or after January 1, 2017, the top tax bracket threshold is increased from \$37,500 to \$50,000 for single individuals.

For tax years beginning after 2016, the lowest dollar amount of the tax rate schedule will be adjusted for inflation. For tax years beginning on or after January 1, 2018, the highest dollar amount of the tax rate schedule will be adjusted for inflation.

36 M.R.S. § 5111, sub-§§ 1-F, 2-F and 3-F and § 5403(1); LD 1019, PL 2015, c. 267, Pt DD, §§ 3, 5, 7 and 33.

**Addition for disability income protection plans in the workplace.** The addition modification for expenditures used to calculate the credit for disability income protection plans in the workplace applicable to tax years beginning on or after January 1, 2017 that are also used as an expense in calculating federal adjusted gross income is repealed. 36 M.R.S. §§ 5122(1)(KK); LD 1551, PL 2017, c. 211, Pt. D, § 1.

**Credit for disability income protection plans in the workplace.** For tax years beginning on or after January 1, 2017, a credit against income tax is allowed for employers providing either a qualified short-term disability income protection plan or a qualified long-term disability income protection plan. The credit is equal to \$30 per employee enrolled in a plan after January 1, 2017 who was not covered under a disability income protection plan offered by the employer in the tax year immediately preceding the year the employer is first eligible for the credit. The credit must be taken in the first year the employer becomes eligible to claim the credit and may be claimed for up to 3 consecutive tax years. The credit is limited to the tax liability of the taxpayer and any unused credit may not be carried back or forward to any other tax year. 36 M.R.S. §§ 5122(1)(KK) & 5219-NN; LD 1542, PL 2015, c. 490, §§ 7 & 8; 36 M.R.S. § 5219-OO; LD 1551, PL 2017, c. 211, Pt. D, §§ 9 and 14.

## 5) Corporate Income Tax

### Changes applicable to tax years beginning in 2017

**Credit for disability income protection plans in the workplace.** For tax years beginning on or after January 1, 2017, a credit against income tax is allowed for employers providing either a qualified short-term disability income protection plan or a qualified long-term disability income protection plan. The credit is equal to \$30 per employee enrolled in a plan after January 1, 2017 who was not covered under a disability income protection plan offered by the employer in the tax year immediately preceding the year the employer is first eligible for the credit. The credit must be taken in the first year the employer becomes eligible to claim the credit and may be claimed for up to 3 consecutive tax years. The credit is limited to the tax liability of the taxpayer and any unused credit may not be carried back or forward to any other tax year. 36 M.R.S. §§ 5122(1)(KK) & 5219-NN; LD 1542, PL 2015, c. 490, §§ 7 & 8; 36 M.R.S. § 5219-OO; LD 1551, PL 2017, c. 211, Pt. D, §§ 9 and 14.

**C Corporation return extension due date.** For tax years beginning on or after January 1, 2017, the extension of time for filing a Maine return is equal to the extension of time within which to file its federal tax return. The additional extension of 30 days beyond the federal extension due date for filing Maine income tax returns is repealed. 36 M.R.S. 5231(1-A); LD 1551, PL 2017, c. 211, Pt. D, §§ 11 and 14.

### Changes applicable to tax years beginning in 2020

**Credit for major business headquarters expansion.** A business that has its headquarters located in Maine or that plans to locate its headquarters in Maine; that employs at least 5,000 full-time employees, of which at least 25% are employed in Maine; that has business locations in at least 3 other states or foreign countries; that has made an investment of at least \$35,000,000 to design, permit, construct, modify, equip or expand its headquarters in Maine; and that has received a certificate of approval and a certificate of completion from the Department of Economic and Community Development (DECD) is, for each tax year beginning after 2019, eligible for a refundable credit equal to 2% of the taxpayer's qualified investment. DECD may not issue certificates for more than \$100,000,000 of qualified investment in the aggregate, or \$40,000,000 of qualified investment on any one certificate. The credit may be claimed for a total of 20 tax years for each qualified investment for which a certificate of completion has been received. During the first 10 years the credit may be claimed, the taxpayer must add a minimum of 80 new full-time jobs each year for continued eligibility and, for each year 11 through 20, the taxpayer must maintain employment of the 800 new full-time jobs that were added during the first 10 years of credit eligibility. The aggregate credit that may be claimed with respect to each certificate of completion (i.e. each qualified investment) is \$16,000,000.

By February 28, 2018, the Office of Program Evaluation and Government Accountability must submit to the Legislature's Taxation Committee and the Government Oversight Committee a review that assesses the extent to which the design of the credit supports accomplishment of the

credit's purposes, intent and goals; benefits the intended beneficiaries; and the extent to which Maine's current or planned administration of the credit is efficient and effective.

By March 1<sup>st</sup> of each year, a certified applicant must file a report with DECD that includes the number of full-time employees based in Maine and the incremental amount of qualified investment made during the tax year that ends during the immediately preceding calendar year.

By April 1<sup>st</sup> of each year, DECD must submit a report to the Legislature's Taxation Committee that includes aggregate data on employment levels and qualified investment amounts with respect to taxpayers receiving a certificate of approval. In addition, the State Tax Assessor must report the revenue loss associated with each taxpayer credit claim. To accommodate the assessor's reporting requirement, the bill provides an exception to the general confidentiality laws that authorizes Maine Revenue Services to divulge to the Taxation Committee the revenue loss attributable to each taxpayer claiming the credit.

36 M.R.S. §§ 191(2)(DDD) and 5219-QQ; LD 1639, PL 2017, c. 297

## 6) Franchise Tax

**Franchise tax return due date.** For tax years beginning on or after January 1, 2017, the due date for filing Maine franchise tax returns is changed to the 15<sup>th</sup> day of the 4<sup>th</sup> month following the end of the tax year. Previously, franchise tax returns were due on the 15<sup>th</sup> day of the 3<sup>rd</sup> month following the end of the tax year. 36 M.R.S. § 5206-F; LD 1551, PL 2017, c. 211, Pt. D, §§ 5 and 14.

**Franchise tax return extension due date.** For tax years beginning on or after January 1, 2017, the extension of time for filing a Maine return is equal to the extension of time within which to file its federal tax return. The additional extension of 30 days beyond the federal extension due date for filing Maine income tax returns is repealed. 36 M.R.S. 5231(1-A); LD 1551, PL 2017, c. 211, Pt. D, §§ 11 and 14.

## 7) Withholding Tax

**Information returns.** The due date by which information returns, such as Form W-2, must be filed with Maine Revenue Services is changed from February 28th to January 31st following the calendar year to which the information return relates. The change in the due date applies to information returns filed for calendar years beginning on or after January 1, 2017. 36 M.R.S. § 5242; LD 1551, PL 2017, c. 211, Pt. D, §§ 12 and 14.

**2017 withholding tables for individual income tax.** For tax years beginning on or after January 1, 2017, the 3% individual income tax surcharge enacted by IB 2015, c. 4, § 2 (I.B. 3 – LD 1660) on taxable income in excess of \$200,000 is repealed. On July 28, 2017, revised 2017 withholding tables for individual income tax were published reflecting this change. 36 M.R.S. § 5111(6); LD 390, PL 2017, c. 284, Pt. D, §§ 2 and 3.



## 8) Insurance Premiums Tax

**Educational Opportunity Tax Credit.** For tax years beginning on or after January 1, 2017, the educational opportunity tax credit under 36 M.R.S. § 5217-D is extended to businesses subject to the Maine insurance premiums tax. 36 M.R.S. § 2535; LD 1551; PL 2017, c. 211, Pt. C.

## 9) Inheritance Tax

**Inheritance tax liens.** Any existing inheritance tax lien placed on real property resulting from a death occurring before July 1, 1986 is released. The Maine inheritance tax was repealed July 1, 1986 and replaced by the Maine estate tax. 36 M.R.S. § 175-A(5); LD 72, PL 2017, c. 16.

## 10) Sales/Use Tax

**Tax exemption – certain meals sold by civic, religious or fraternal organizations.** The law provides a sales tax exemption for sales of prepared food by a civic, religious or fraternal organization, including an auxiliary of such an organization, except when alcoholic beverages are available for sale at the event. The exemption is limited to the first 24 days during which such sales are made in a calendar year and does not apply to sales made at private functions such as weddings. Applies to sales occurring on or after October 1, 2017. LD 1551, PL 2017, c. 211, § B-2.

**Tax exemption – diabetic supplies.** The tax exemption for equipment and supplies used in the diagnosis and treatment of diabetes is amended to provide that the equipment and supplies must be used in the diagnosis and treatment of human diabetes. Effective November 1, 2017. LD 1551, PL 2017, c. 211, § B-1.

**Calculation of tax amount.** The law provides that the longstanding statutory sales tax bracket system is replaced by the conventional rounding method, carried to the 3rd decimal place. Effective January 1, 2018. LD 1551, PL 2017, c. 211, §§ B-3 and B-4.

**Sales/use tax nexus; remote sellers.** The law provides that a person without a physical presence in Maine that makes sales for delivery into this State must register as a retailer if its gross revenue derived from Maine sales in the previous calendar year or current calendar year exceeds \$100,000, or if its Maine sales comprise at least 200 separate transactions in the previous calendar year or the current calendar year. Effective November 1, 2017. LD 1405, PL 2017, c. 245.

**Tax refunds to purchaser.** A person requesting a refund or credit of erroneously or illegally collected sales tax must submit an affidavit in a form prescribed by the State Tax Assessor, stating in part that the person has not and will not request a refund of the tax from the retailer. Effective November 1, 2017 and applicable to requests for credit or refund for which administrative or judicial review is still available. LD 583, PL 257, § 1.

**Retail sales of marijuana.** The law amends the Marijuana Legalization Act, in part to postpone implementation of sales by retail marijuana stores and retail marijuana social clubs until February 1, 2018. LD 88, PL 2017, c.1.

### **11) Service Provider Tax**

**Tax refunds to purchaser.** The law provides that a service provider tax that has been erroneously or illegally computed by a service provider and included on a customer's bill must be refunded or credited to the customer by the service provider. A credit or refund may not be allowed for such a tax until the service provider has provided evidence satisfactory to the State Tax Assessor that the tax has been refunded or credited to the customer. Effective November 1, 2017 and applicable to requests for credit or refund for which administrative or judicial review is still available. LD 583, PL 257, §§ 2 through 4.

### **12) Fuel Tax**

**Tax refunds to political subdivisions.** The fuel tax refund and assignment provisions that apply to political subdivisions have been expanded to include all government agencies, including agencies of the U.S. Federal Government. Effective November 1, 2017. LD 1551, PL 2017, c. 211, §§ B-7 and B-8.

### **13) Hospital Tax**

**Tax rate.** The law provides that for state fiscal years beginning on or after July 1, 2017, a hospital's taxable year is the hospital's fiscal year that ended during calendar year 2014. LD 390, PL 2017, c. 284, Part III.

### **14) Property Tax**

**Property tax.** The law clarifies that the Department of Transportation is not required to pay taxes or assessments on property it acquires for transportation purposes. Effective November 1, 2017. 23 M.R.S. § 161(1); LD 393, PL 2017, c. 40.

**Truck campers.** The law repeals the provisions in Title 29-A pertaining to (1) the registration of truck campers and (2) the collection of taxes on truck campers (including sales and use tax) by the Secretary of State. Effective November 1, 2017. 29-A M.R.S. §§ 409, 502, 503 and 508; LD 827, PL 2017, c. 67.

**Municipal cost component.** This law is a routine annual process for establishing the costs of administering the unorganized territory of Maine. The costs approved by the Maine Legislature

must be incorporated into the 2017 property tax levy in the unorganized territory. The unorganized territory property tax is collected as dedicated revenue to the Unorganized Territory Education and Services Fund. Effective June 2, 2017. LD 1078, PL 2017, c. 121.

**Conveyance of state interest in certain real estate in the unorganized territory.** This Resolve authorizes the State Tax Assessor to sell certain tax-acquired parcels located in the unorganized territory. Effective November 1, 2017. LD 1421, Resolves, 2017, c. 11.

**Sudden and severe disruption of valuation.** The law specifies that the report submitted to the Legislature by the State Tax Assessor no later than February 1st annually identifying all requests for an adjustment of equalized valuation under Title 36, section 208-A pertains to the most recently completed fiscal year rather than the previous calendar year. Effective November 1, 2017. 36 M.R.S. § 208-A(6); LD 1551, PL 2017, c. 211, § E-6.

**Tree Growth Tax Law reimbursements.** The law changes the due date for the annual distribution to municipalities for revenue lost under the Maine Tree Growth Tax Law from August 1st to October 15th. Effective November 1, 2017. 36 M.R.S. § 578(1); LD 1570, PL 2017, c. 170, § B-4.

**Homestead exemption reimbursement.** The state will reimburse municipalities for loss of revenue due to the \$20,000 homestead exemption at a rate of 50% for the 2017 property tax year. The prior 62.5% reimbursement rate will be reinstated for 2018 and later years. Effective July 4, 2017. 36 M.R.S. §§ 683 and 685; LD 390, Part G, PL 2017, c. 284.

**Business Equipment Tax Exemption (BETE) program.** The BETE abatement and appeal procedures are amended to match similar programs and allows taxpayers to appeal municipal decisions to the municipality and municipalities to appeal bureau decisions to the bureau. Effective November 1, 2017. 36 M.R.S. § 191(2)(I); LD 1551, PL 2017, c. 211, §§ A-11 and A-12.

**Business Equipment Tax Exemption (BETE) program.** The purchase of services is removed from the definition of retail sales activity and retail sales facility for purposes of determining the eligibility of business equipment for the BETE program. The definition change aligns the language in the BETE program with similar language in the Business Equipment Tax Reimbursement program and means that businesses that provide services are no longer excluded from the BETE program. Effective November 1, 2017. 36 M.R.S. § 691(1)(A); LD 1551, PL 2017, c. 211, § A-10.

**Business Equipment Tax Exemption (BETE) program.** The law clarifies that certain tax exempt property of institutions and organizations under 36 M.R.S. § 652 is not exempt under the business equipment tax exemption program. Effective November 1, 2017. 36 M.R.S. § 691(1)(A); LD 1570, PL 2017, c. 170, § B-7.

**Business Equipment Tax Exemption (BETE) program.** The law clarifies that the report due under the business equipment tax exemption program is due on April 1, which, under current

law, is automatically extended to May 1 if the report is not received by April 1. It also requires a request for further extension to be submitted to the assessor of the taxing jurisdiction before the commitment of taxes. Effective November 1, 2017. 36 M.R.S. § 693(1); LD 1570, PL 2017, c. 170, § B-8.

**Farm and Open Space Law.** The law amends the definition of “farmland” and states that parcels of land located on islands are not contiguous if separated by water at the normal high water mark or high tide. Those parcels already classified as farmland that no longer qualify will be transferred to the open space program, unless the owner withdraws the parcel. Effective November 1, 2017. 36 M.R.S § 1102(4)(C); LD 117, PL 2017, c. 183.

**Watercraft excise tax.** The law clarifies who is responsible for maintaining information about watercraft not registered in Maine. Responsible parties include any entity selling storage, mooring, or docking space for ten or more days. Effective November 1, 2017. 36 M.R.S. § 1504(9)(D); LD 1551, PL 2017, c. 211, § A-13.

**Payment in lieu of taxes.** The bill allows voluntary payments in lieu of taxes from exempt organizations in the unorganized territory. Effective November 1, 2017. 36 M.R.S. § 1612; LD 1289, PL 2017, c. 193.

**Business Equipment Tax Reimbursement program.** The law requires that information regarding reimbursements of property taxes paid on certain business property made pursuant to Title 36, chapter 915 be added to the tax expenditure report submitted to the Legislature by the State Tax Assessor and changes the due date of that report from January 5th to February 15th of each odd-numbered year.. Effective November 1, 2017. 36 M.R.S. § 199-B(1); LD 1551, PL 2017, c. 211, § E-4.

**Business Equipment Tax Reimbursement program.** The law changes the year upon which to calculate energy primarily for sale, for purposes of eligibility of energy facilities. The measurement year is changed from the year immediately preceding the property tax year for which a claim is made to the property tax year for which a claim is made. Effective November 1, 2017. 36 M.R.S. § 6652(1-C)(B); LD 1551, PL 2017, c. 211, § A-14.

**Business Equipment Tax Reimbursement program.** It repeals a requirement that the State Tax Assessor submit an annual report to the Legislature containing information that includes a list of persons receiving reimbursement for property taxes both under the business equipment tax reimbursement program and under a tax increment financing agreement. Effective November 1, 2017. 36 M.R.S. § 6664; LD 1551, PL 2017, c. 211, § E-8.