

ENACTED TAX LEGISLATION – 2022 SESSION

2nd Regular Session general (non-emergency) effective date: August 8, 2022

(Includes legislation enacted in prior sessions that becomes effective beginning in 2022)

1) Administrative Provisions

Review and Report – Worldwide combined reporting by certain corporations for Maine income tax purposes. Maine Revenue Services (“MRS”) is directed to review the effect on Maine income tax and the Maine economy of adopting a system for apportionment of income for purposes of calculating income tax for corporations that are part of an affiliated group with members outside of the United States. The review must include the projected impact and policy considerations of adopting worldwide combined reporting that allows a corporate election to compute income by a water’s edge combined report. MRS must report the results of its review to the joint standing committee of the Legislature having jurisdiction over taxation matters by February 1, 2023. The legislative report must include an analysis of how such a system would affect conformity of Maine’s income tax system with the federal income tax system, including changes to the federal system currently being considered by Congress. Effective August 8, 2022. L.D. 428; Resolves 2021, c. 170.

Commission To Develop a Paid Family and Medical Leave Benefits Program. Upon request, certain State agencies, including MRS, are directed to provide staffing assistance to the Commission to Develop a Paid Family and Medical Leave Benefits Program. L.D. 1995; P.L. 2021, c. 635, Pt. KK, § 6.

Easy enrollment health insurance program advisory group. The Commissioner of the Department of Health and Human Services (“DHHS”) and the Superintendent of the Maine Bureau of Insurance are directed to convene an advisory group to advise DHHS on state income tax changes including the format of check-off boxes on income tax forms pursuant to 36 M.R.S. § 5294, the effectiveness of the easy enrollment program established under 22 M.R.S. § 5412, feasibility of automatic enrollment in health care plans, improvements to outreach materials, issues related to necessary information required for establishing eligibility while maintaining confidentiality and proposed changes to improve the program. The advisory group including representatives of MRS and professional tax preparers must meet at least three times each year and as often as necessary to carry out its advisory duties. Effective August 8, 2022. 22 M.R.S. § 5413(1); L.D. 1390; P.L. 2021, c. 715, § 2.

Disclosure of tax information. The following changes were made regarding disclosure of certain confidential tax information:

- An exception to the general confidentiality laws that authorizes the State Tax Assessor to disclose to the Treasurer of State information necessary for administration of the Maine unclaimed or abandoned property law under Title 33, Chapter 45 is repealed. Effective August 8, 2022. 36 M.R.S. § 191(2)(Z); L.D. 1757; P.L. 2021, c. 531, Pt. A, § 1.

- An exception to the general confidentiality laws is added to allow MRS to disclose to the Maine Health Insurance Marketplace information necessary to administer the easy enrollment health insurance program under 22 M.R.S. § 5412 and the health insurance check-off box under 36 M.R.S. § 5294. Effective August 8, 2022. 36 M.R.S. § 191(2)(QQQ); L.D. 1390; P.L. 2021, c. 715, § 3.
- An exception to the general confidentiality laws is added to allow MRS to disclose information to the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe, or the Penobscot Nation necessary for the administration of sales tax revenue transfers under 36 M.R.S. § 1815. Effective January 1, 2023. 36 M.R.S. § 191(2)(QQQ); L.D. 585; P.L. 2021, c. 681, Part E, § 1.

COVID Pandemic Relief Payment Program. The COVID Pandemic Relief Payment Program is established to help residents of the State respond to the economic fallout of the COVID-19 pandemic and enable residents of the State to combat rising costs due to pandemic-induced inflation and supply chain effects. Beginning as soon as administratively feasible, but not later than December 31, 2022, the assessor shall make a relief payment of \$850 to eligible Maine citizens who:

- Filed a Maine individual income tax return as a full-year resident for tax year 2021 no later than October 31, 2022.
- Had federal adjusted gross income for tax year 2021 that was less than:
 - \$200,000 if married filing a joint return or surviving spouses permitted to file a joint return;
 - \$150,000 if filing as head of household; or
 - \$100,000 if single or married filing a separate return.
- Was not claimed as a dependent on another person’s tax year 2021 income tax return.

The COVID pandemic relief payments are exempt from Maine income tax and may not be setoff against other debts owed to MRS or to other state agencies.

Uncashed payments will be treated as unclaimed property as of January 1, 2024 and may be claimed by the intended recipient by contacting the Office of the State Treasurer.

Effective April 20, 2022. L.D. 1995; P.L. 2021, c. 635, Pt. L.

2) General

References to marijuana to be replaced. The law requires the Revisor of Statutes and certain State agencies to replace the word “marijuana” with the word “cannabis” in the Maine Revised Statutes, rules, forms, policies, and publications. This requirement does not apply to the Maine Criminal Code, Title 17-A. Effective August 8, 2022. L.D. 1957; P.L. 2021, c. 669, § 5.

Pine Tree Development Zones. The law extends the sunset date for Pine Tree Development Zone certification and benefits by two years. Businesses may not be certified for the program after December 31, 2023 and benefits will cease on December 31, 2033, including the tax credits for income tax, franchise tax, and insurance premiums tax; sales and use tax exemptions for tangible personal property and transmission/distribution of electricity; and reimbursement under the Employment Tax Increment Financing program. Effective July 1, 2021. 30-A M.R.S. § 5250-J; L.D. 221; P.L. 2021, c. 398, Pt. III.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax; insurance premiums tax; sales and use tax; and the Employment Tax Increment Financing program.

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, 2021. Applies to tax years beginning on or after January 1, 2021 and to any prior tax year as specifically provided by the United States Internal Revenue Code of 1986 as amended. Effective April 14, 2022. 36 M.R.S. § 111(1-A); L.D. 1763; P.L. 2021, c. 594.

Affected program(s): individual, fiduciary, and corporate income taxes, income tax withholding, pass-through entity withholding, and franchise tax.

Employment Tax Increment Financing program benefits. The law changes the calculation of employment tax increment financing program for benefits based on calendar years beginning after 2021. The current state income tax withholding base is replaced with a new benefit base equal to gross wages paid by a qualified business to qualified employees above the base level of employment during the calendar year multiplied by 4.5%. Effective August 8, 2022. 36 M.R.S. §§ 6753(5-B), 6753(7), 6753(9), 6753(9-A), 6754(1), and 6762; L.D. 1156; P.L. 2021, c. 602.

**3) Individual, Fiduciary, and Corporate Income Taxes
Franchise Tax
Income Tax Withholding
Pass-through Entity Withholding
Insurance Premiums Taxes**

Changes applicable to tax years beginning 2021 (retroactively)

Earned income tax credit. The law corrects a drafting error in P.L. 2021, chapter 398 in order to reflect that the Maine earned income tax credit is equal to 20% of the federal earned income tax credit for tax year 2021 for all eligible resident, nonresident, and part-year resident individuals. Effective February 17, 2022. 36 M.R.S. §§ 5219-S(2) and 5219-S(3); L.D. 1764; P.L. 2021, c. 493.

Affected program(s): individual income tax.

Changes applicable to tax years beginning 2022

COVID pandemic relief payment income subtraction modification. For tax years beginning on or after January 1, 2022 but before January 1, 2024, the amount of COVID pandemic relief payment received is deductible in calculating Maine taxable income, to the extent the payment is included in federal adjusted gross income. Effective April 20, 2022. L.D. 1995; P.L. 2021, c. 635, Pt. L, § 4.

Affected program(s): individual income tax.

Maine space corporation bond interest. Certain bonds issued by the Maine Space Corporation are, together with interest on and income from the bonds, exempt from all taxes, including the Maine income tax. 5 M.R.S. § 13207(2)(B); L.D. 1923; P.L. 2021, c. 631.

Affected program(s): individual, fiduciary, and corporate income taxes; and franchise tax.

Factor presence / economic / corporate income tax nexus. The corporate income tax law is simplified by establishing clearly defined, objective nexus thresholds as a practical structure for the current general "economic nexus" standard. These factor presence thresholds clarify the minimum thresholds that, when exceeded by a corporation, subject that corporation to the Maine corporate income tax. The new thresholds create a safe harbor for corporations with little activity within the State, but greater than de minimis physical presence in Maine. Under the new law, a corporation has nexus with Maine if the corporation is organized or commercially domiciled in Maine or if, in Maine, any of the following thresholds are exceeded: \$250,000 of property, \$250,000 in payroll, \$500,000 in sales in Maine, or 25% of the corporation's total property, payroll, or sales is in Maine. The thresholds apply to tax years beginning on or after January 1, 2022. 36 M.R.S. §§ 5102(10), 5200-B, and 5211(14); L.D. 1216; P.L. 2021, c. 181, Pt. E.

Affected program(s): corporate income tax.

Pension income deduction. The pension income deduction for non-military retirement plan benefits is increased from \$10,000 to \$25,000 for tax years beginning in 2022; \$30,000 for tax years beginning in 2023; and, \$35,000 for tax years beginning on or after January 1, 2024. Benefits received under a military retirement plan, including survivor benefits, continue to be fully exempt from Maine income tax. Effective April 20, 2022. 36 M.R.S. § 5122(2)(M-2); L.D. 1995; P.L. 2021, c. 635, Pt. DDD.

Affected program(s): individual income tax.

FAME nonprofit student loan repayment program income subtraction modification. For tax years beginning on or after January 1, 2022, an individual taxpayer may claim, to the extent included in federal adjusted gross income, the income subtraction modification for student loan payments made directly to a lender on behalf of the taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine

for residents of the State employed by a business located in the State. Effective April 20, 2022. 36 M.R.S. § 5122(2)(XX); L.D. 1995; P.L. 2021, c. 635, Pt. G.

Affected program(s): individual income tax.

Exemption for certain out-of-state suppliers of spirits sold to the Bureau of Alcoholic Beverages and Lottery Operations. For tax years beginning on or after January 1, 2022, a person (corporation, pass-through entity, individual, etc.) domiciled in a state other than Maine that approves, from a location outside Maine, orders of spirits placed by the Maine Bureau of Alcoholic Beverages and Lottery Operations (BABLO) or an agent or contractor of BABLO, may not be considered to have sufficient nexus to subject the person to Maine income tax, including the pass-through entity withholding, based *solely* on the following in-state activities:

- the sale of spirits to BABLO, even if the amount of the sales exceeds the nexus thresholds in Title 36, section 5200-B, subsection 1;
- the shipment of spirits from outside Maine to any warehouse operated or used by BABLO or to another facility as directed by BABLO;
- the storage of spirits at any warehouse operated by or used by BABLO or at another facility as directed by BABLO, even if the value of those spirits exceeds the nexus thresholds in Title 36, section 5200-B, subsection 1; or,
- any other activity required by BABLO to facilitate fulfillment of its orders of spirits.

Spirits manufactured or produced outside the State and shipped into the State pursuant to an order for spirits from BABLO do not, when the order is approved outside the State, become subject to Maine income tax solely as a result of a delay in transfer of title of those spirits to BABLO. Effective August 8, 2022. 36 M.R.S. § 5202-D; L.D. 1937; P.L. 2021, c. 756.

Affected program(s): individual, fiduciary, and corporate income taxes; and pass-through entity withholding.

Educational opportunity tax credit income subtraction modification. For tax years beginning on or after January 1, 2022, the income subtraction modification equal to eligible student loan payments made by employers on behalf of qualified employees pursuant to 36 M.R.S. § 5217-D, is repealed. 36 M.R.S. § 5122(2)(FF); L.D. 1995; P.L. 2021, c. 635, Pt. H, §§ 16 and 18.

Affected program(s): individual income tax.

Educational opportunity tax credit repealed. The credit for educational opportunity, including any carryover of unused credit amounts from prior years, may not be claimed for tax years beginning on or after January 1, 2022. The credit, including carryover of unused credit amounts from prior years, is replaced by the student loan repayment tax credit available for tax years beginning on or after January 1, 2022, for qualified individuals. The new credit is

described below. Effective April 20, 2022. 36 M.R.S. §§ 2535 and 5217-D(6); L.D. 1995; P.L. 2021, c. 635, Pt. H, §§ 13 and 14.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax; and insurance premiums tax.

Student loan repayment tax credit. For tax years beginning on or after January 1, 2022, qualified individuals may claim the refundable student loan repayment tax credit (“SLRTC”). The SLRTC replaces the repealed credit for educational opportunity (EOTC). The new SLRTC is equal to the amount of eligible student loan payments made directly by the taxpayer to a relevant lender during the tax year, plus the amount of unused EOTC amounts carried forward from prior tax years, up to \$2,500. Except, up to \$3,500 may be claimed for either tax year beginning in 2022 or 2023, whichever year is elected, by qualified individuals who received an EOTC credit during any tax year beginning in 2019, 2020, or 2021 that was based on loans acquired to obtain a bachelor’s degree or associate degree in science, technology, engineering, or mathematics. Unused EOTC amounts that are allowed to be carried forward from prior tax years, for purposes of the SLRTC, may be claimed only for tax years beginning before January 1, 2027. A \$25,000 lifetime cap applies to the SLRTC for each qualified individual. The one-time \$1,000 maximum credit increase allowable during either tax year beginning in 2022 or 2023 does not apply against the \$25,000 lifetime cap. Effective April 20, 2022. 36 M.R.S. § 5217-E; L.D. 1995; P.L. 2021, c. 635, Pt. H, § 15.

Affected program(s): individual income tax.

Employer support for volunteer firefighters and volunteer municipal emergency medical services persons tax credit. For tax years beginning on or after January 1, 2022, an employer who permits employees who are volunteer firefighters or volunteer municipal emergency medical services persons to be absent from work for firefighting or emergency response activities without a reduction in pay is eligible for an income tax credit. The credit is equal to the compensation that is paid to the employee at the employee’s regular rate of pay while the employee is away from work due to firefighting or emergency response responsibilities during the tax year. The credit may not exceed the tax liability of the taxpayer. Effective August 8, 2022. 36 M.R.S. § 5217-F; L.D. 731; P.L. 2021, c. 731, § 5.

Affected program(s): individual, fiduciary, and corporate income taxes; and franchise tax.

Earned income tax credit. For tax years beginning on or after January 1, 2022, the earned income tax credit is increased from 20% to 25% of the federal earned income tax credit (50% for eligible individuals who do not have a qualifying child). Effective April 20, 2022. 36 M.R.S. § 5219-S; L.D. 1995; P.L. 2021, c. 635, Pt. E; L.D. 2041; P.L. 2021, c. 759, Pt. A, § 1.

Affected program(s): individual income tax.

Credit for rehabilitation of historic properties after 2007 – certified qualified rehabilitation expenditures. The law extends the sunset date for making determinations on the eligibility of structures for the credit for rehabilitation of historic properties by five years. The definition of

“certified qualified rehabilitation expenditure” is amended from December 31, 2025 to December 31, 2030, the date by which the United States Department of the Interior, National Park Service or the Maine Historic Preservation Commission must determine that a proposed rehabilitation of a structure meets the required standards for rehabilitation. Effective August 8, 2022. 36 M.R.S. § 5219-BB(1)(C); L.D. 201; P.L. 2021, c. 671.

Affected program(s): individual, fiduciary, and corporate income taxes; franchise tax; and insurance premiums tax.

Property tax fairness credit. For tax years beginning on or after January 1, 2022, the property tax fairness credit is increased to 100% of the benefit base that is greater than 4% (previously 5%) of the individual’s income, up to \$1,000 (\$1,500 for individuals 65 years of age or older).

Also beginning in 2022, property tax amounts paid on the taxpayer’s behalf during the tax year by the State to a municipality under the Property Tax Deferral Program may be included in the benefit base for purposes of calculating the property tax fairness credit.

36 M.R.S. §§ 5219-KK(1)(A-1) and 5219-KK(2-D); L.D. 221; P.L. 2021, c. 398, Pt. H, § 8; L.D. 1733; P.L. 2021, c. 483, Pt. AA, § 1; L.D. 1995; P.L. 2021, c. 635, Pt. F.

Affected program(s): individual income tax.

Access to justice income tax credit. The access to justice income tax credit is enacted to encourage attorneys to practice law in underserved areas of Maine. To qualify for the credit, the eligible attorney must be certified by the Supreme Judicial Court as eligible for the credit and must: 1) agree to practice law in an underserved area for at least five years; 2) be rostered by the Maine Commission on Indigent Legal Services to accept court appointments to represent clients in an underserved area; and 3) agree to perform pro bono legal services in an underserved area. The court may certify up to five eligible attorneys each year from 2022 through 2027. The credit, up to \$6,000, may be claimed in the first year that the eligible attorney meets the conditions of eligibility for at least six months and in each of the four subsequent years. The credit may not reduce the tax otherwise due to less than zero. The court must decertify individuals who cease to meet the conditions of eligibility. Legislative reporting requirements apply. 36 M.R.S. § 5219-ZZ; L.D. 978; P.L. 2021, c. 473.

Affected program(s): individual income tax.

Gambling winnings. The law increases the withholding rate applicable to certain gambling winnings subject to Maine income tax from 5% of the winnings to the highest marginal individual income tax rate applicable to the tax year during which the winnings are paid, plus any other applicable tax under the Maine Revised Statutes, Title 36, Part 8, relating to income taxes. Effective August 8, 2022. 36 M.R.S. §§ 5255-B and 5255-C; L.D. 1917; P.L. 2021, c. 630, Pt. A, §§ 3 through 5.

Affected program(s): income tax withholding.

Voluntary income tax checkoff for the Emergency Food Assistance Program Fund. For tax years beginning on or after January 1, 2022, a new voluntary contribution check-off is added to the Maine individual income tax form, Schedule CP, for the Emergency Food Assistance Program Fund. The purpose of this fund is to support the emergency food assistance program administered by the Department of Agriculture, Conservation and Forestry. 36 M.R.S. §§ 5283-A and 5293; L.D. 1046; P.L. 2021, c. 437.

Affected program(s): individual income tax.

Changes applicable to tax years beginning 2023

Nonadmitted insurance premiums taxes, retaliatory tax. For tax years beginning on or after January 1, 2023, the law is amended to impose a retaliatory tax on nonadmitted insurance premiums subject to Maine tax. The Maine tax rate on nonadmitted insurance premiums is equal to the greater of 3% and the highest tax rate that applies to nonadmitted insurance premiums in the state, district or possession of the United States, or province of Canada in which the insurer is incorporated. Generally, nonadmitted insurance premiums subject to Maine tax are gross direct insurance premiums and annuity considerations paid by insureds whose home state is Maine, to insurers that do not have certificates of authority to do business in Maine. Effective August 8, 2022. 36 M.R.S. §§ 2519 and 2531(2); L.D. 1917; P.L. 2021, c. 630, Pt. A, §§ 1, 2 and 5.

Affected program(s): insurance premiums tax.

Corporate income tax exemption for the Passamaquoddy Tribe, the Penobscot Nation, and the Houlton Band of Maliseet Indians. For tax years beginning on or after January 1, 2023, the law provides that the Passamaquoddy Tribe, the Penobscot Nation, the Houlton Band of Maliseet Indians, and a tribal corporation organized by the Passamaquoddy Tribe, the Penobscot Nation or the Houlton Band of Maliseet Indians under Section 17 of the federal Indian Reorganization Act are not subject to the Maine corporate income tax. Effective August 8, 2022. 36 M.R.S. § 5102(6); L.D. 585; P.L. 2021, c. 681, Pt. G, §§ 2 and 6.

Affected program(s): corporate income tax.

Maine income tax changes for certain Indian Tribes and tribal members. For tax years beginning on or after January 1, 2023, provisions of law are enacted to define the term “tribal member residing on tribal land” (36 M.R.S. § 5102(5-A)), “tribal land; (36 M.R.S. § 111(9)), “tribal member” (36 M.R.S. § 111(10)), and other relevant terms; clarify that the Passamaquoddy Tribe, the Penobscot Nation, the Houlton Band of Maliseet Indians, and a tribal corporation organized by those tribes under Section 17 of the federal Indian Reorganization Act are not subject to Maine corporate income tax (36 M.R.S. § 5102(6)); add income addition and subtraction modifications to exclude from Maine income tax the income and losses of tribal members and estates of tribal members residing on tribal land when the income and losses are derived from or connected with sources on tribal land (36 M.R.S. §§ 5122(1)(PP) and 5122(2)(XX)); and provide the calculation of income or loss derived from or connected with sources on tribal land (36 M.R.S. § 5132) as described in the paragraphs below. 36 M.R.S. §§

111(9), 111(10), 5102(5-A), 5102(6), 5122(1)(PP), 5122(2)(XX), and 5132; L.D. 585; P.L. 2021, c. 681.

Affected program(s): individual, fiduciary, and corporate income taxes.

Definition of “tribal member residing on tribal land.” The law adds a definition for a tribal member residing on tribal land for purposes of Maine individual and fiduciary (estate) income taxes. Generally, for tax years beginning on or after January 1, 2023, an individual is a tribal member residing on tribal land if the individual is a tribal member who:

A. Is domiciled on tribal land, unless:

- 1) The tribal member does not maintain a permanent place of abode on tribal land, maintains a permanent place of abode off of tribal land and spends in the aggregate not more than 30 days of the taxable year on tribal land: or
- 2) Within any 548 consecutive days, the tribal member:
 - a) Is present in a foreign country or countries for at least 450 days;
 - b) Is not present on tribal land for more than 90 days;
 - c) Does not maintain a permanent place of abode on tribal land at which a minor child of the tribal member or the tribal member’s spouse is present for more than 90 days, unless the tribal member and the tribal member’s spouse are legally separated; and
 - d) During the nonresident portion of the taxable year with which, or within which, such period of 548 consecutive days begins and the nonresident portion of the taxable year with which, or within which, such period ends, is present on tribal land for a number of days that does not exceed an amount that bears the same ratio to 90 as the number of days contained in such portion of the taxable year bears to 548; or

B. Who is not domiciled on tribal land, but maintains a permanent place of abode on tribal land and spends in the aggregate more than 183 days of the taxable year on tribal land, unless the tribal member is in the Armed Forces of the United States.

36 M.R.S. § 5102(5-A); L.D. 585; P.L. 2021, c. 681, Pt. G, §§ 1 and 6.

Affected program(s): individual and fiduciary income taxes.

Losses derived from sources on tribal land income addition modification. For tax years beginning on or after January 1, 2023, tribal members residing on tribal land and the estate of a decedent who was a tribal member residing on tribal land are required to add-back the amount of any losses derived from or connected with sources on tribal land determined in accordance with 36 M.R.S. § 5132. 36 M.R.S. § 5122(1)(PP); L.D. 585; P.L. 2021, c. 681, Pt. G, §§ 3 and 6.

Affected program(s): individual and fiduciary income taxes.

Income derived from sources on tribal land income subtraction modification. For tax years beginning on or after January 1, 2023, tribal members residing on tribal land and the estate of a decedent who was a tribal member residing on tribal land may claim the income subtraction modification equal to the amount of income derived from or connected with sources on tribal land determined in accordance with 36 M.R.S. § 5132. 36 M.R.S. § 5122(2)(XX); L.D. 585; P.L. 2021, c. 681, Pt. G, §§ 4 and 6.

Affected program(s): individual and fiduciary income taxes.

Contributions to education savings plans income subtraction modification. For tax years beginning on or after January 1, 2023, the income subtraction modification for contributions to a qualified tuition program established under Section 529 of the Internal Revenue Code is reinstated. The deduction, equal to contributions made to a qualified tuition plan up to \$1,000 for each designated beneficiary, may not be claimed by taxpayers whose federal adjusted gross income exceeds \$100,000 if filing single or married filing separately or \$200,000 if married filing jointly or head of household. Effective August 8, 2022. 36 M.R.S. § 5122(2)(YY); L.D. 23; P.L. 2021, c. 707.

Affected program(s): individual income tax.

Property Tax Fairness Credit. For tax years beginning on or after January 1, 2023, resident individuals who are veterans and 100% permanently and totally disabled are allowed an additional income tax credit equal to the amount of the property tax fairness credit the individual otherwise qualifies for, effectively doubling the property tax fairness credit. The total credit may not exceed the property taxes paid and rent constituting property taxes paid by the individual during the tax year. Effective August 8, 2022. 36 M.R.S. § 5219-KK(2-E); L.D. 1986; P.L. 2021, c. 703.

Affected program(s): individual income tax.

Voluntary checkoff for the easy enrollment health insurance program. For tax years beginning on or after January 1, 2023, four checkoff boxes must be included on the Maine individual income tax form for taxpayers to indicate, as applicable, that 1) the taxpayer, 2) the taxpayer's spouse, and 3) dependents of the taxpayer do not have health care coverage, and to 4) authorize MRS to share certain tax information with the Maine Health Insurance Marketplace ("Marketplace") to facilitate administration of the easy enrollment health insurance program. The form must also include space for the entry of the email address, telephone number, or other preferred method of communication of the taxpayer. The State Tax Assessor must forward to the Marketplace the information of any taxpayer who authorized information sharing by checking the applicable box. The information and frequency of data sharing is to be established by rule (22 M.R.S. § 5412(1)). Effective August 8, 2022. 36 M.R.S. § 5294; L.D. 1390; P.L. 2021, c. 715, § 4.

Affected program(s): individual income tax.

4) Sales, Use, and Special Taxes

Definitions Updated

Exclusion from retail sale – purchase of a truck or van for short term rental. The exclusion from retail sale for the purchase of pickup trucks or vans with a gross vehicle weight of less than 26,000 pounds by a person engaged in the business of renting automobiles for a period of less than one year has been amended by removing the modifier “pickup” from “pickup truck.” This change allows a person primarily engaged in the business of renting automobiles for a period of less than one year to purchase trucks and vans with a gross vehicle weight of less than 26,000 pounds without paying the tax and to collect the sales tax at the 10% rate when renting those trucks and vans for a period of less than one year. 36 M.R.S. § 1752(11)(B)(3-A); 36 M.R.S. § 1752(14)(A)(4); 36 M.R.S. § 1752 (17-B); Effective August 8, 2022. 36 M.R.S. § 1811(1)(D)(4)(b); L.D. 1890; P.L. 2021, c. 578, §§ 1 through 4.

Exemptions Updated

Sales tax exemption for residential electricity. The sales tax exemption for the consumption of residential electricity has been amended to include all residential electricity consumed by eligible customers enrolled in either a low-income assistance program or an arrearage management program administered pursuant to Title 35-A, section 3214, subsections 2 and 2-A. Effective January 1, 2023. 36 M.R.S. § 1760(9-B); L.D. 506; P.L. 2021, c. 713, § 3 and affected by § 4.

Sales tax exemption for nonprofit housing development organizations. The sales tax exemption for nonprofit organizations whose primary purpose is to develop housing for low-income people was amended to define “low-income” to mean having income that is less than 120% of the median income for the area, adjusted for family size, as established by the United States Department of Housing and Urban Development or its successor organization. Effective August 8, 2022. 36 M.R.S. § 1760(72); L.D. 1732; P.L. 2021, c. 695, § 1.

Sales and Use Tax Refunds

Battery energy storage systems. Beginning January 1, 2023 through December 31, 2025, purchases of qualifying battery energy storage systems and all parts and accessories that are integral to such qualifying battery energy storage systems will be eligible for a refund of the sales tax paid on those purchases. A claim for refund may not be submitted to Maine Revenue Services before July 1, 2023. Effective August 8, 2022. 36 M.R.S. § 2021; L.D. 2030; P.L. 2021, c. 758, § 1.

Repealed Fee

Pesticide Container Fee repealed. Effective July 1, 2022, the Pesticide Container Fee (15¢ per container) is repealed. For sales of certain pesticide containers beginning on or after July 1, 2022, retailers shall no longer collect and remit the Pesticide Container Fee levied by 36 M.R.S. § 4941. Effective July 1, 2022. 36 M.R.S. c. 725; L.D. 1995; P.L. 2021, c. 635, Pt. YY, § 2.

Tribal Related Provisions

New sales tax exemption for tribes. Beginning January 1, 2023, sales to the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe, or the Penobscot Nation will be exempt from sales tax. Effective January 1, 2023. 36 M.R.S. § 1760(112); L.D. 585; P.L. 2021, c. 681, Pt. D, § 1 and affected by § 4.

New sales tax exemptions for tribal members and tribal entities. Beginning January 1, 2023, sales to tribal members or tribal entities that are sourced to tribal lands will be exempt from sales tax. Use tax may apply to such sales if the exempt property or service is used primarily outside of tribal land during the first year of purchase. Effective January 1, 2023. 36 M.R.S. §§ 1760(113) and (114); L.D. 585; P.L. 2021, c. 681, Pt. D, §§ 2-3 and affected by § 4.

Tax from sales occurring on tribal land returned to tribes. Beginning January 1, 2023, sales tax revenue attributable to tax collected from sales occurring on Passamaquoddy Indian territory, the Penobscot Indian territory, or the Houlton Band Trust Land will be transferred to the respective tribes on a monthly basis. Effective January 1, 2023. 36 M.R.S. § 1815; L.D. 585; P.L. 2021, c. 681, Pt. E, § 2 and affected by § 3.

Exemption from the Blueberry Tax for wild blueberries grown on tribal lands. Beginning January 1, 2023, wild blueberries grown on tribal lands will be exempt from the Blueberry Tax. Effective January 1, 2023. 36 M.R.S. § 4303-B; L.D. 585; P.L. 2021, c. 681, Pt. F, § 3 and affected by § 6.

Exemption from the Potato Tax for potatoes grown on tribal lands. Beginning January 1, 2023, potatoes grown on tribal lands will be exempt from the Potato Tax. Effective January 1, 2023. 36 M.R.S. § 4605(1-A); L.D. 585; P.L. 2021, c. 681, Pt. F, § 5 and affected by § 6.

5) Property Tax

Tax Assistance

Homesteads of senior residents. The law allows certain senior residents to stabilize, or freeze, the property taxes on their homestead. An applicant must be at least 65 years old, a permanent resident of the State, and must have owned a Maine homestead for at least ten years. As long as the individual files an application each year, the tax is fixed at the amount assessed in the year prior to the initial application. Eligible residents may transfer the fixed tax amount to a new homestead, even between municipalities. The State will fully reimburse municipalities for lost revenue. Effective August 8, 2022. L.D. 290; P.L. 2021, c. 751.

Current use programs. The law aligns the penalty provisions for tree growth, farm and open space, and working waterfront current use classifications. In addition, the law expands the penalty-free reclassification of land taxed under the Maine Tree Growth Tax Law and farm and

open space law to include reclassifications into and out of working waterfront land. Effective August 8, 2022. L.D. 1917; P.L. 2021, c. 630, Part C.

Unorganized Territory

Conveyance of state interest in certain real estate in the unorganized territory. The resolve authorizes the State Tax Assessor to sell certain tax-acquired parcels located in the unorganized territory. Effective August 8, 2022. L.D. 1794; Resolves, 2021, c. 123.

Municipal cost component. The law is part of the 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 2022 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 April 18, 2022. L.D. 1987; P.L. 2021, c. 624.

Exemptions

Benevolent and charitable organizations. The law removes the requirement for benevolent and charitable institutions to be incorporated in Maine in order to be eligible for exemption from property tax. Effective August 8, 2022. L.D. 1917; P.L. 2021, c. 630, § B-2.

Veteran exemption. This bill adds the period from February 1, 1955 to February 27, 1961 as qualifying service dates when determining eligibility for the veterans' property tax exemption based on dates of service. Effective August 8, 2022. L.D. 647; P.L. 2021, c. 682.

State Valuation

State valuation. The law requires municipalities to provide requested information to Maine Revenue Services as may be necessary to conduct the annual state valuation process. Effective August 8, 2022. L.D. 1917; P.L. 2021, c. 630, § B-1.

Miscellaneous

Certified Maine Assessor exam. The law requiring Certified Maine Assessor exams to be held at least four times each year has been changed. The new requirement is to hold the exams as many times as necessary, but no less than two times each year. Effective August 8, 2022. L.D. 1757; P.L. 2021, c. 531, § B-1.

True and perfect lists. The law allows assessors to request information from taxpayers regarding property qualifying for any exemption that is subject to full or partial reimbursement by the State. Effective August 8, 2022. L.D. 1917; P.L. 2021, c. 630, § B-3.

Just value. The law codifies the process of assessment of improved property, by requiring application of the highest and best use as of April 1 each year to determine the value of improved property through the three methods of valuation: cost, income, and market. The law also

provides that property with a restricted use is not comparable to property without the same restrictions. Effective August 8, 2022. L.D. 1129; P.L. 2021, c. 663.