

ENACTED TAX LEGISLATION – 2024 SESSION

2nd Regular Session general (non-emergency) effective date: August 9, 2024

(Includes legislation enacted in prior sessions that becomes effective beginning in 2024)

1) Administrative Provisions

Study – Film production incentives review and evaluation. The Department of Economic and Community Development (DECD) is directed to review existing film production incentives in Maine and evaluate film production incentives, including tax credits, rebates, and alternative reimbursement programs in other selected states. DECD, with direction from the Office of Tourism, Maine State Film Office (MFO), must solicit input from stakeholders, industry experts, other state agencies, and film offices in other states. By December 30, 2024, DECD must submit a report to the Joint Standing Committee on Taxation that includes a detailed summary of the findings, requirements, and recommendations of DECD, suggested legislation to amend or replace current visual media incentive laws, and responses to the 2023 evaluation of visual media incentives conducted by the Office of Program Evaluation and Government Accountability (OPEGA). Effective August 9, 2024. L.D. 1075; Resolves 2023, c. 149.

Study – Maine New Markets Capital Investment Program review and evaluation. The Finance Authority of Maine (FAME), in conjunction with DECD must examine and evaluate the Maine New Markets Capital Investment program and report its findings and any recommended legislation to the Joint Standing Committee on Taxation by January 31, 2025. The report must include discussion or recommendations offered by OPEGA in its March 2017 report on the program. FAME may consult with Maine Revenue Services (MRS) and with other public and private entities with roles in economic development in Maine as necessary. Effective August 9, 2024. L.D. 1974; Resolves 2023, c. 151.

Study – Pass-through entity income tax review and evaluation. MRS, Office of Tax Policy (OTP) is directed to examine and evaluate the State’s current system of taxation of pass-through business income at the partner or shareholder level, and the possible adoption of a mandatory or elective pass-through entity (PTE) tax to move the taxation of that income, or some portion of that income, to the business entity that generated the income. The study must include examination of the impact of the adoption of a PTE income tax on a permanent, a time-limited, and a retroactive basis. The study must include consideration of the impact of the federal state and local tax (SALT) deduction limitation on individual taxpayers in Maine and the manner and fiscal impact of how a PTE tax has been implemented in other states to, in part, address the SALT deduction. OTP may consult with national experts as appropriate. OTP must submit a report to the Joint Standing Committee on Taxation on or before January 15, 2025. The Joint Standing Committee on Taxation may submit legislation related to the report to the 132nd Legislature in 2025. Effective August 9, 2024. L.D. 1891; Resolves 2023, c. 170.

Reporting Requirements – Pine Tree Development Zone (PTDZ) program, Dirigo Business Incentives Tax Credit (DIRIGO) program, and the Employment Tax Increment Financing (ETIF) program. The law is amended to:

- Change the due date of DECD’s annual report to the Joint Standing Committee on Taxation for the PTDZ program from June 1st to March 1st, beginning in 2025.
- Require DECD to include in the annual reports required to be provided to the Joint Standing Committee on Taxation for the PTDZ and DIRIGO programs to include the municipality in which the business’s primary place of business is located and the business type for each business.
- Require DECD to provide a report by March 1 annually to the Joint Standing Committee on Taxation information relative to the ETIF program, beginning in 2025. The report must include the name, business location, and business type of the applicant, reimbursements claimed, the number of jobs created, and the amount of wages paid for those jobs.

Effective August 9, 2024. 30-A M.R.S. § 5250-P(1)(C) and 36 M.R.S. §§ 5219-AAA(10)(A) and 6764; L.D. 1804; P.L. 2023, c. 631.

Disclosure of tax information. MRS is authorized to disclose to the Joint Standing Committee on Taxation the revenue loss attributable to each taxpayer claiming the refundable income tax credit for investment in a qualified professional baseball facility allowed under 36 M.R.S. § 5219-BBB to the Joint Standing Committee on Taxation. Effective August 9, 2024. 36 M.R.S. § 191(2)(UUU); L.D. 2258; P.L. 2023, c. 667, § 1.

Corporate income tax data reporting. Beginning January 31, 2025, and biennially thereafter, MRS must report certain aggregate corporate income tax data of corporations doing business in Maine to the Joint Standing Committee on Taxation to the extent consistent with the confidentiality provisions under 36 M.R.S. § 191. The report must include the following information:

1. Of the 50 largest for-profit employers as measured by payroll withholding, the number that paid zero Maine corporate income tax in the four most recent tax years or that received a refundable tax credit.
2. The number of corporations reporting federal taxable income over certain thresholds in the two previous tax years, and for each specified taxable income category, the report must include the total income reported, the total income apportioned to Maine, and the number of filers that reported zero Maine corporate income tax due in the four most recent tax years.
3. The percentage of corporations that reported tax due of zero in the four most recent tax years.
4. The percentage of corporations that reported federal taxable income greater than zero and Maine corporate income tax of zero in the four most recent tax years.

5. The percentage of corporations that reported federal taxable income greater than zero and zero income apportioned to Maine.

Effective August 9, 2024. 36 M.R.S. § 5202-E; L.D. 1337; P.L. 2023, c. 627.

2) General

Brunswick Naval Air Station Job Increment Financing program. The law is amended to coordinate the calculation of benefits for the Brunswick Naval Air Station Job Increment Financing program with benefits paid for the Maine Employment Tax Increment Financing (ETIF) program which was recently amended to base the ETIF benefit on gross wages instead of employee withholding. Effective August 9, 2024. 5 M.R.S. §§ 13083-S-1(1)(D-1), 13083-S-1(3)(D), and 13083-S-1(5); L.D. 2028; P.L. 2023, c. 613, Pt. C.

Affected program(s): Brunswick Naval Air Station Job 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, 2023. Applies to tax years beginning on or after January 1, 2023 and to any prior tax year as specifically provided by the United States Internal Revenue Code of 1986 as amended. Effective April 12, 2024. 36 M.R.S. § 111(1-A); L.D. 2022; P.L. 2023, c. 619.

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

3) Individual, Fiduciary, and Corporate Income Taxes Franchise Tax Insurance Premiums Taxes

Changes applicable to tax years beginning 2024

Lincoln Mill Facilities District bond interest. Certain bonds issued by the Lincoln Mill Facilities District are, together with interest on and income from the bonds, exempt from all taxes, including the Maine income tax. Effective April 16, 2024. L.D. 2270; P. & S.L. 2023, c. 23, § 7.

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

Nonadmitted insurance premiums tax. For tax years beginning on or after January 1, 2024, the law is changed to allow nonadmitted insurance surplus line producers or the insured to elect to base estimated tax payment amounts based on premiums on contracts written during the estimated tax period of the current calendar year or, under the current basis of the total tax that was due for the prior calendar year or the estimated tax to be paid for the current calendar year.

The law is also changed to clarify that for tax years beginning on or after January 1, 2024, the tax on nonadmitted insurance premiums is based on premiums and annuity considerations on contracts written by insurers, rather than on premiums paid to insurers. Effective October 25, 2023. 36 M.R.S. §§ 2521-A and 2531(1); L.D. 1808; P.L. 2023, c. 441, Pt. C, §§ 1, 2, 9, and 11.

Affected program(s): nonadmitted insurance premiums tax.

United States Space Force. The law is amended to include the Space Force as an active or reserve component of the United States Armed Forces for purposes of the Maine pension income deduction and the income subtraction modifications for annuity payments made to the survivor of a deceased member of the military and non-Maine active duty military pay. Effective August 9, 2024. 36 M.R.S. §§ 5122(2)(M-2), 5122(2)(HH), and 5122(2)(LL); L.D. 2023; P.L. 2023, c. 523, Pt. B, §§ 1, 2, and 3.

Affected program(s): individual income tax.

Pension income deduction. For tax years beginning on or after January 1, 2024, the pension income deduction is increased to the maximum annual benefit that an individual eligible to retire at the retirement age, as defined in 42 United States Code, Section 416(l), as of January 1st of the tax year may receive under the federal Social Security Act and amendments to that Act as of June 28, 2023. Benefits received under a military retirement plan, including survivor benefits, continue to be fully exempt from Maine income tax. 36 M.R.S. § 5122(2)(M-2); L.D. 258; P.L. 2023, c. 412, Pt. ZZZ, § 2.

Affected program(s): individual income tax.

Installment sale election. For tax years beginning on or after January 1, 2024, the law provides that interest associated with an installment sale of property for which the election is made by a nonresident individual taxpayer to pay the Maine tax on the gain in the year of the sale or in a subsequent tax year is excluded from Maine taxable income in the year of the election and any subsequent tax year. Effective October 25, 2023. 36 M.R.S. § 5147; L.D. 1808; P.L. 2023, c. 441, Pt. C, §§ 5, 9, and 11.

Affected program(s): individual income tax.

Property tax fairness credit. For tax years beginning on or after January 1, 2024, the property tax fairness credit is increased for individuals 65 years of age or older by 1) increasing the maximum benefit base to \$4,000, regardless of the individual's filing status and number of qualifying children and other dependents, and 2) increasing the maximum benefit from \$1,500 to \$2,000. The benefit base amount is adjusted annually for inflation for tax years beginning after 2024. Effective October 25, 2023. 36 M.R.S. §§ 5219-KK(1)(A-1)(4), 5219-KK(2-D), and 5403(6); L.D. 258; P.L. 2023, c. 412, Pt. S and L.D. 2023; P.L. 2023, c. 523, Pt. B, § 4.

Affected program(s): individual income tax.

Credit for certain homestead modifications. For tax years beginning on or after January 1, 2024, the credit for certain homestead modifications is repealed except that unused credit amounts may be utilized to the fullest extent allowed by the carryforward provisions for the credit. Effective October 25, 2023. 36 M.R.S. § 5219-PP(6); L.D. 1808; P.L. 2023, c. 441, Pt. C, §§ 6 and 11.

Affected program(s): individual income tax.

Dependent exemption tax credit. For tax years beginning on or after January 1, 2024, the dependent exemption tax credit is refundable and for tax years beginning after 2024, the credit is adjusted for inflation. The credit is subject to phaseout.

For tax years beginning on or after January 1, 2026, the law is changed to allow taxpayers to claim the dependent exemption credit for each dependent of the taxpayer for whom the taxpayer is eligible to claim the federal personal exemption pursuant to the Internal Revenue Code, Section 151 in an amount greater than zero.

Effective October 25, 2023. 36 M.R.S. §§ 5219-SS, 5403(9), and 5403, ¶ 2; L.D. 258; P.L. 2023, c. 412, Pt. ZZZ, §§ 6, 10, and 11.

Affected program(s): individual income tax.

Estimated income tax payments; short taxable year. The law is amended to clarify that the payment of estimated income tax payments for a short taxable year must be made in accordance with existing due dates for estimated tax installments that fall within the short taxable year. Effective August 9, 2024. 36 M.R.S. § 5228(7); L.D. 2023; P.L. 2023, c. 523, Pt. B, § 5.

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

Information returns. The law is amended to clarify that certain returns of information are required to be filed by persons making payment or crediting in a calendar year the amounts of \$600 or more, or \$10 or more in the case of interest or dividends, to a person who may be subject to Maine income taxes. Failure to file such returns, or filing a false or fraudulent return, may result in a penalty of \$50 for each such failure. Generally, returns of information include Forms W-2, Forms 1099, and other similar forms containing tax information necessary for filing Maine income tax returns. Effective August 9, 2024. 36 M.R.S. § 5242; L.D. 2023; P.L. 2023, c. 523, Pt. B, § 6.

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

Changes applicable to tax years beginning 2025

Employer support for volunteer firefighters and volunteer municipal emergency medical services persons tax credit. For tax years beginning on or after January 1, 2025, the employer support for volunteer firefighters and volunteer municipal emergency medical services persons

credit is extended to include volunteer municipal firefighters that are part-time or on-call municipal firefighters who receive up to 20% of the compensation of a full-time municipal firefighter and who may receive injury and death benefits. The credit may not exceed the tax liability of the taxpayer. Effective October 25, 2023. 30-A M.R.S. § 3151(5) and 36 M.R.S. § 5217-F; L.D. 1802; P.L. 2023, c. 478.

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

Maine capital investment credit. For tax years beginning on or after January 1, 2025, the Maine capital investment credit is repealed except that unused credit amounts may be utilized to the fullest extent allowed by the carryforward provisions for the credit. 36 M.R.S. § 5219-NN(1-A); L.D. 258; P.L. 2023, c. 412, Pt. J, § 12.

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

Dirigo Business Incentives program tax credit. For tax years beginning on or after January 1, 2025, the Dirigo Business Incentives program (DIRIGO) income tax credit may be claimed by qualified businesses that have been certified under the program by DECD and make eligible capital investments in eligible business property or that provide qualified training to its employees within the State.

A DIRIGO qualified business must be certified by DECD as a for-profit business in Maine engaged in one of the following eligible sectors: agriculture, forestry, and fishing; manufacturing; long-distance freight transportation; software publishing, data processing, and computer design services; or engineering, architecture, and scientific research and development services. The following businesses are not eligible to participate in the DIRIGO program: a public utility; a business certified for incentives under the Pine Tree Development Zone program, the Employment Tax Increment Financing program, the Maine shipbuilding credit, or the Maine paper manufacturing facility credit; or a business with 20 or more employees that has undergone a layoff within the two taxable years prior to the year during which an application for certification is filed with DECD.

The credit is equal to: (1) 10% of the eligible capital investment for property placed in service in Maine during the taxable year outside of Cumberland, Sagadahoc, and York counties; plus (2) 5% of eligible capital investment in property placed in service during the taxable year in Cumberland, Sagadahoc, and York counties; plus (3) \$2,000 for each qualified employee that completes a qualified training program during the tax year. The credit is limited to \$2 million and is refundable up to \$500,000 for any one tax year. The credit and the refundability cap must be prorated among affiliated businesses or members of pass-through entities. Unused portions of the nonrefundable portion of the credit may be carried forward for up to 4 succeeding tax years.

An eligible capital investment includes that portion of expenditures exceeding \$50,000 by a certified business for eligible business property placed in service during the tax year.

Eligible business property must be placed in service in Maine during the tax year, be used exclusively in a qualified business activity carried on primarily in an eligible business sector,

have a useful life of 5 years or more, and be subject to depreciation for the tax year, or would be subject to depreciation if the property had not been expensed under Internal Revenue Code, Section 179. Eligible business property does not include property that is purchased or transferred from an affiliated business, located at a retail sales facility and used primarily in a retail sales activity, a vehicle or watercraft which is subject to the Maine excise tax, qualified rehabilitation property used to compute the rehabilitation of historic properties credit, or real property placed in service in Maine prior to the taxable year for which the credit is claimed. Recapture provisions and/or disallowance of carryforward amounts apply if property on which the credit is claimed is not used in the state for 5 consecutive years or the business undergoes a layoff.

A qualified employee training program must be training that is a registered Maine Apprenticeships Program, an on-the-job training contract, training provided or approved by the Maine Community College, or training provided by an accredited university or college in Maine. To qualify, the program must provide training for 3 or more qualified employees and training must be at least 20 hours for each employee. Employees participating in qualified training must be paid their regular hourly rate of pay or the employer must expend a minimum of \$2,000 for each participating employee.

The State Tax Assessor must, by December 31 annually (beginning in 2026), report certain information to DECD regarding DIRIGO credits claimed for tax years ending during the prior calendar year. DECD is required to submit reports regarding the DIRIGO program, including information about the DIRIGO income tax credits, to the joint standing committees of the Legislature having jurisdiction over taxation and economic development matters by March 1 annually, beginning in 2027.

Effective October 25, 2023. 36 M.R.S. § 5219-AAA; L.D. 258; P.L. 2023, c. 412, Pt. J, § 13.

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

Qualified professional baseball facilities income tax credit. A qualified applicant that has made a qualified investment of at least \$1,000,000 between October 1, 2023 and November 30, 2026 in a qualified professional baseball facility in Maine and that has received a certificate of approval and a certificate of completion from DECD may be eligible for a refundable credit equal to 1.33% of the qualified investment, up to \$133,000 per tax year and \$1,995,000 in cumulative total. The credit may be claimed over a 15-year period beginning with the tax year during which the certificate of completion is issued, or the tax year beginning in 2025, whichever is later. The credit is subject to reporting requirements and recapture provisions.

Effective August 9, 2024. 36 M.R.S. §§ 191(2)(UUU) and 5219-BBB; L.D. 2258; P.L. 2023, c. 667.

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

Changes applicable to tax years beginning 2026

Standard deduction. For tax years beginning on or after January 1, 2026, the Maine basic standard deduction is \$12,000 for single individuals and married persons filing separate returns; \$18,000 for heads of household; and \$24,000 for married individuals filing jointly or filing as surviving spouses. For tax years beginning after 2025, the basic standard deduction amount is adjusted for inflation. The Maine additional standard deduction amount for age/blindness is equal to the additional federal standard deduction amount for age/blindness under the Internal Revenue Code, Section 63(c)(3). The Maine standard deduction amount is subject to phase-out. Effective October 25, 2023. 36 M.R.S. §§ 5124-C(1-A), and 5124-C(1-B); L.D. 258; P.L. 2023, c. 412, Pt. ZZZ, §§ 4, 5, and 7.

Affected program(s): individual income tax.

4) Sales, Use, and Special Taxes

Shift to “lease stream” sales taxation of rentals of tangible personal property. Beginning January 1, 2025, the imposition of the sales tax on leased or rented tangible personal property will shift to impose tax on each separate periodic lease or rental payment paid by the lessee. Current law requires upfront payment by the lessor of tax on the full value of the lessor’s purchase price of the property being leased or rented. Going forward, the lessor will instead charge and collect sales tax from the lessee on each individual lease or rental payment as a separate “sale.” To facilitate this shift, the law enacts definitions for “lease or rental” and “lessor,” and amends the definition of “sale” to identify that each time period for which a lease or rental payment is charged is considered a separate sale. Effective January 1, 2025. 36 M.R.S. §§ 1752(5-D), (5-E), (13); L.D. 2000; P.L. 2023, c. 643, Pt. H, §§ 2, 3, 4 and 12; L.D. 2214; P.L. 2023, c. 673, §§ 2, 3, 4 and 12.

Sourcing for leased and rented tangible personal property. The sales tax sourcing law is amended to enact three new sourcing provisions for the lease or rental of tangible personal property; the lease or rental of motor vehicles, trailers, semitrailers, truck campers or aircraft; and the lease or rental of “transportation equipment” that is used in interstate commerce. In the case of the lease or rental of tangible personal property or the lease or rental of motor vehicles, trailers, semitrailers, truck campers or aircraft that requires recurring periodic payments, payments may be sourced to the primary property location of the tangible personal property, which is indicated by an address for the property provided by the lessee that is available to the lessor from its records maintained in the ordinary course of business, when use of the address does not constitute bad faith. Effective January 1, 2025. 36 M.R.S. § 1819; L.D. 2000; P.L. 2023, c. 643, Pt. H, §§ 24-27; L.D. 2214; P.L. 2023, c. 673, §§ 23-26.

Limited refund period for sales and use tax previously paid by qualified lessors. A qualified lessor is defined to mean a person who paid Maine sales or use tax on the purchase of qualifying lease or rental property between January 1, 2023, and December 31, 2024, who subsequently collected and remitted Maine sales or use tax on the lease or rental of that property on or after January 1, 2025. A qualified lessor may request a refund between January 1 and March 31, 2027,

of the sales or use tax paid on the qualifying lease or rental property. The refund is limited to the Maine sales or use tax collected and remitted to the State by the lessor on the qualifying lease or rental property on or after January 1, 2025, and before January 1, 2027. Effective January 1, 2025. 36 M.R.S. § 2022; L.D. 2000; P.L. 2023, c. 643, Pt. H, §28; L.D. 2214; P.L. 2023, c. 673, § 27.

Short-term rentals of trucks and vans rented from a person primarily engaged in the business of renting automobiles. Beginning January 1, 2025, the rate of sales tax charged on rentals of trucks and vans with a gross vehicle weight rating of less than 26,000 pounds, rented from a person primarily engaged in the business of renting automobiles, will be reduced from 10% to 5.5% of the periodic rental payment amount. The 10% rate is still imposed on rentals of automobiles and certain loaner vehicles for periods less than one year. Effective January 1, 2025. 36 M.R.S. § 1811(1)(D). L.D. 2000; P.L. 2023, c. 643, Pt. H, §23 and L.D. 2214; PL 2023, c. 673, § 22.

New sales tax exemption for sales to nonprofit organizations. Beginning January 1, 2025, the law will provide a sales tax exemption for sales to nonprofit organizations that have been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, if the tangible personal property or taxable services sold are to be used primarily for the purposes for which the nonprofit organization was organized. Effective January 1, 2025. 36 M.R.S. § 1760(115); L.D. 2214; P.L. 2023, c. 643, Pt. H, § 22.

Service Provider Tax

Medical services taxable under the Service Provider Tax repealed. Beginning January 1, 2025, the Service Provider Tax (“SPT”) provisions applying to the following services are repealed eliminating the SPT on: (1) private nonmedical institution services; (2) community support services for persons with mental health diagnoses; (3) community support services for persons with intellectual disabilities or autism; (4) home support services; and (5) group residential services for persons with brain injuries. The 2023 Tax Law Changes erroneously included ancillary services within the list of repealed services; ancillary services will remain subject to the SPT on and after January 1, 2025. Effective January 1, 2025. 36 M.R.S., c. 358; L.D. 258; P.L. 2023, c. 412, Pt. XXX §§ 2-15.

Hospital Tax

Definition of “hospital” changed; critical access hospitals. Beginning January 1, 2025, “critical access hospitals” are excluded from the definition of “hospital” for the purposes of the Hospital Tax. As of that date, “critical access hospitals” will no longer be subject to the Hospital Tax. Effective August 9, 2024. 36 M.R.S. § 2891(1); L.D. 2214; P.L. 2023, c. 643, Pt. JJ, § 1.

Hospital Tax Return due in state fiscal year beginning July 1, 2024. The 2024-2025 Hospital Tax Return and first payment, due November 15, 2024, with the second payment due May 15, 2025, will have the following requirements:

- (1) For all hospitals, the payment of the Hospital Tax due with the filing of the Hospital Tax return on or before November 15, 2024, will be in an amount equal to 2.23% of the hospital's net operating revenue as identified in the hospital's audited financial statement for the hospital's fiscal year that ended during calendar year 2020, multiplied by one-half;
- (2) For a hospital or a specialty hospital, the payment of the Hospital Tax due on or before May 15, 2025, will be in an amount equal to 3.25% of the hospital's net operating revenue as identified in the hospital's audited financial statement for the hospital's fiscal year that ended during calendar year 2022, multiplied by one-half;
- (3) For a facility licensed as a psychiatric hospital by the Maine Department of Health and Human Services pursuant to Title 22, Sec. 1817, the payment of the Hospital Tax due on or before May 15, 2025, will be in an amount equal to 2.23% of the hospital's net operating revenue as identified in the hospital's audited financial statement for the hospital's fiscal year that ended during calendar year 2022, multiplied by one-half.

Effective August 9, 2024. 36 M.R.S. § 2893(2-A); L.D. 2214; P.L. 2023, c. 643, Pt. JJ.

Tobacco Products Tax

Definition of “tobacco products” amended. The definition of “tobacco products” is amended to include “any products that are made from or derived from tobacco, or that contain nicotine, whether natural or artificial[.]” A product containing only artificial nicotine or tobacco-derived nicotine are subject to the Tobacco Products Tax based on its form, either as a smokeless tobacco product or an “other” – e.g., “smoking” – tobacco product. Effective August 9, 2024. 36 M.R.S. § 4401(9); L.D. 2028; P.L. 2023, c. 613, Pt. B, § 5.

5) Property Tax

Current Use Programs

Working waterfront. The law makes changes to the working waterfront current use program by adding to the definition of “working waterfront” certain wharves and piers; adding eligibility for land that is subject to a legally binding right-of-way or easement that permits access to intertidal land for commercial fishing activities; increasing the reduction for working waterfront land from 20% to 30% if used “predominantly” as working waterfront and from 10% to 20% if used “primarily” as working waterfront; allowing delay of any withdrawal penalty for up to 2 years due to inability to pay; and requiring MRS to create a working waterfront information bulletin and submit a report to the Taxation Committee on the status of the working waterfront program every other year. Effective August 9, 2024. L.D. 2162; P.L. 2023, c. 671.

Municipal Reimbursement

Stabilization. A \$15 million appropriation was made to allow for full municipal reimbursement for revenue lost under the repealed Property Tax Stabilization program. Additionally, a \$50,000 appropriation was made to reimburse municipalities for the state-mandated costs related to administration of the program. Effective March 6, 2024. L.D. 646; P.L. 2023, c. 520.

Tax Assistance

Local stabilization and deferral. The law permits municipalities to establish by ordinance a program to allow seniors with homesteads in the municipality to stabilize and partially defer payment of their property taxes. A participating municipality must include in its ordinance age, income, and residency requirements for the program. Residents of a municipality that are participating in the State Property Tax Deferral Program may not participate in this municipal program. Effective August 9, 2024. L.D. 1345; P.L. 2023, c. 547.

State Property Tax Deferral program. The law was amended to clarify that a taxpayer who owns more than one residential property that is subject to a municipal lien is not eligible to participate in the deferral program. Effective August 9, 2024. L.D. 2028; P.L. 2023, c. 613.

Calculation of revenue sharing. For a municipality that qualifies for an adjustment to its state valuation as a result of a sudden and severe disruption under 36 M.R.S. § 208-A, the amount of money that the municipality uses from undesignated fund balances in the municipal fiscal year must be added to the total real and personal property taxes when calculating the municipality's property tax burden. Applies to adjustments for revenue sharing years beginning on or after July 1, 2024. L.D. 2006; P.L. 2023, c. 629.

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 to the highest bidder, subject to certain provisions. Effective August 9, 2024. L.D. 2024; Resolves 2023, c. 142.

Municipal cost component for 2024-25 fiscal year. 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 2024 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 March 28, 2024. L.D. 2207; P.L. 2023, c. 582.

Exemptions

Motor vehicle excise tax. The law expands the motor vehicle excise tax exemption for certain military personnel to include service members who are permanently stationed outside of Maine; along with service members who were deployed for military service for at least 180 consecutive days, at least a portion of which falls within the 12-month period prior to the request for exemption, and who did not previously receive an exemption for that deployment. The law also now allows the exemption for National Guard and Reserves members, as long as they meet the service requirements of the exemption. Effective August 9, 2024. L.D. 2076; P.L. 2023, c. 565.

Renewable energy exemption. The law limits the existing renewable energy equipment exemption. Beginning April 1, 2025, solar energy equipment is only exempt from property tax if:

1) the energy it produces is used on-site; 2) the equipment is collocated with a customer or customers that are subscribed to at least 50% of the facility's output; or 3) the energy the equipment produces is transmitted through an electric utility and accounted for using a bill credit mechanism and the generator had a fully executed interconnection agreement prior to April 1, 2024. The law does not make any changes to the exemption for wind energy equipment. Applies to property tax years beginning on or after April 1, 2025. L.D. 1153; P.L. 2023, c. 682.

Administrative/Miscellaneous

Tax liens. The law removes the requirement that certain notices in the tax lien foreclosure process reference the Bureau of Consumer Credit Protection and instead requires the notices to reference sources of assistance including free legal services for low-income individuals under 4 M.R.S. § 18-A(1)(B). The law also clarifies what related information the Bureau of Consumer Credit Protection must post to their website. Effective August 9, 2024. L.D. 2048; P.L. 2023, c. 579.

Storage facilities. The law makes facilities for storing spent nuclear fuel or radioactive waste ineligible for the Business Equipment Tax Exemption program (BETE), the Business Equipment Tax Reimbursement program (BETR), or the property tax exemption under 36 M.R.S. § 656(1)(E). Applies to property tax years beginning on or after April 1, 2022. L.D. 2027; P.L. 2023, c. 588.

Property tax levy limit. The municipal property tax levy limits established in 2005 through P.L. 2005, c. 2, Pt. C have been repealed. Effective August 9, 2024. L.D. 2102; P.L. 2023, c. 603.

Foreclosure sales. When selling a property that has been acquired through the tax lien foreclosure process, a municipality must list the property with a licensed real estate agent and return any excess proceeds from the sale to the former owner. The law makes this process, previously only required if requested by the former owner, mandatory for all sales of tax-acquired properties. The law also adds new notice provisions regarding the sale of a foreclosed property and the distribution of excess proceeds and requires a municipality to send excess proceeds to the State Treasurer as unclaimed property if they are unable to locate the former owner. The law is the result of the report from the Foreclosure Process Working Group, which was formed by the Legislature in response to the U.S. Supreme Court's opinion in the case of *Tyler v. Hennepin County* (143 S. Ct. 1369) (2023). Effective August 9, 2024. L.D. 2262; P.L. 2023, c. 640.

Motor vehicle excise tax. The law removes an obsolete reference in the list of exemptions to the motor vehicle excise tax relating to aircraft registered in accordance with 6 M.R.S. § 53, which was repealed in 2011. Effective April 22, 2024. L.D. 2290; P.L. 2023, c. 646.