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State of Maine  
 ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE  
 COMMITTEE ON TAXATION

April 22, 2013

TO: Senator Dawn Hill, Senate Chair  
 Representative Margaret R. Rotundo, House Chair  
 Members, Joint Standing Committee on Appropriations and Financial Affairs

FR: Senator Anne M. Haskell, Senate Chair  
 Representative Adam A. Goode, House Chair  
 Joint Standing Committee on Taxation

RE: Taxation Committee report back on the Governor's Biennial Budget for 2014 and 2015

We are writing to provide the interim recommendations of the Joint Standing Committee on Taxation for the portions of LR 1046 that were considered during a public hearing on March 13, 2013. We reviewed and discussed these initiatives over the course of 8 work sessions held in March and April. While we have made significant progress, we need additional time to identify savings initiatives or revenue enhancement in our area of jurisdiction to offset proposals in the Governor's biennial budget that we have rejected.

Except as otherwise noted, Committee members unanimously support the majority of the baseline budgets and Part A initiatives under our jurisdiction. We unanimously support Part N (regarding sales tax on digital products) in an amended version. Also, we unanimously voted to continue funding for existing tax expenditures by including Part T in the budget. However, we want to emphasize that the review of tax expenditures remains a priority for the Committee and we look forward to working the related bills coming before us later this session. We believe we are quite close to an agreement on an amendment for Part O (regarding equalized property valuation adjustments due to sudden and severe disruption) and expect to include language in our follow-up report.

As detailed below, we had divided votes on the major taxation proposals in the Governor's budget. Members voting in the majority rejected all cuts and would like to work several revenue enhancement bills that are coming before the committee in the next 2 weeks prior to making final budget recommendations. The members voting to support the Governor's proposals believe it is necessary to do so in the absence of specific replacement initiatives needed to achieve a balanced budget. Nevertheless, we are committed to continuing our work and expect to bring back additional recommendations in May.

The Committee had divided votes on the following initiatives.

**Part J – Revenue sharing (Tax-29) - OUT (6-3)**

The Committee voted to reject Part J, which suspends distributions to municipalities from the Local Government Fund and the Disproportionate Tax Burden Fund for the 2014-2015 biennium. During our deliberations, Committee members discussed the negative consequences for municipalities and the impact on the property tax burden. Committee members supporting this proposal (voting “IN”) would like the restoration of revenue sharing, along with the business equipment tax reimbursement and the homestead property tax exemption, to be a priority for funding through any replacement initiatives or if there is a General Fund ending balance based on the Governor’s biennial budget proposal.

When we provide our additional recommendations, we will include new initiatives in Part A for the Local Government Fund and the Disproportionate Tax Burden Fund (see Tax-23 ref# 2525 and Tax-26 ref# 2511) to reflect the appropriate level of funding needed for municipal revenue sharing.

**Part K – BETR/BETE (Tax-30 to Tax 33) – OUT (9-2)**

The Committee voted to reject Part K, which sunsets the business equipment tax reimbursement program (BETR) and transitions non-retail equipment to the business equipment tax exemption (BETE). Committee members rejecting Part K are particularly concerned about the suspension of BETR payments to businesses for over a year and the impact that the shift to BETE will have on municipalities as well as the loss of value in tax increment financing districts. Committee members supporting this proposal (voting “IN”) would like the restoration of the business equipment tax reimbursement, along with revenue sharing and the homestead property tax exemption, to be a priority as noted above.

When we provide our additional recommendations, we may need to include an initiative in Part A for reimbursements related to the BETE mandate (see Tax-6 ref# 140) to reflect an appropriate level of funding that does not include the impact of Part K.

**Part L – Circuitbreaker (Tax-30 to Tax 33) – OUT (9-3)**

The Committee voted to reject Part L, which makes significant changes to the Maine Residents Property Tax refund program. During deliberations, we discussed the benefits of the program and there was noteworthy discussion in the areas of income thresholds and asset tests. However, Committee members rejecting the proposal believe there are better ways of addressing the budget shortfall. The Committee members voting “IN” on this proposal expressed discomfort, but indicated the restoration of other programs such as the homestead property tax exemption are a higher priority at this time.

**Part M – Homestead property tax exemption (Tax-37 to Tax 39) – OUT (10-2)**

The Committee voted to reject Part M, which makes substantial modifications to the homestead property tax exemption for Maine residents. Committee members supporting this proposal (voting “IN”) would like the restoration of the homestead property tax exemption to be of the highest priority (along with revenue sharing and BETR) for funding through any replacement initiatives or if there is a remaining balance including the \$16.5 million General Fund ending balance based on the Governor’s biennial budget proposal.

**Part P – Repeal of sales tax exemption for publications (Tax-44) – OUT (6-5)**

The Committee voted to reject Part P, which repeals the sales tax exemption for publications issued at average intervals not exceeding three months.

**Part Q – Inflation adjustment/Chained-CPI (Tax-45 to Tax-47) – OUT (7-4)**

The Committee voted to reject Part Q, which suspends the income tax inflation adjustment for 2 years and transitions this calculation to chained-CPI after 2015. The Committee members supporting Part Q voted “IN as amended.” These members recommend keeping the part of the proposal that suspends the inflation adjustment in tax years 2014 and 2015 and to exclude the chained-CPI part of the proposal.

**Revenue Services, Bureau of – Baseline Budget 0002 (Tax-7 and Tax-11) – IN (9-1)**

The Committee also had a divided report on the baseline budget for Maine Revenue Services (Tax-7 and Tax-11) with a majority vote to accept it. The member voting against the baseline budget believes additional administrative savings can be achieved. The Committee also discussed the administrative costs of offices located outside of Augusta. Although we do not recommend any changes at this time, we encourage future Legislatures to consider whether existing administrative structures offer the most efficient means of providing services.

**Unorganized Territory Education Services Fund – 0573 (Tax-15, Ref#89) – IN (5-3)**

The Committee voted to accept this Other Special Revenue fund initiative, which makes an adjustment to the allocation due to the value added to the tax increment financing base related to wind farms in the unorganized territory. The members voting in opposition are concerned about the use of tax increment financing for the development of wind farms. Committee member supporting the initiative determined that this is a local decision approved by County Commissioners.

This concludes the summary of our recommendations. We have attached the required reports reflecting the Committee’s votes as well as language for the proposed amendments to Part N and Part O. Thank you for this opportunity to provide input into this important process and for taking time to meet with us this afternoon.

cc: Members, Joint Standing Committee on Taxation  
Maureen Dawson, AFA Committee Analyst

Attachments:

- A – Taxation Committee Voting Sheets
- B – Report Back Documents pages Tax-1 to Tax-48 (marked with votes)
- C – Proposed Amendment for Part N

**Biennial Budget 2014-2015 - Joint Standing Committee on Taxation - Reflects votes through 4/22/13**

Page	Ref#	Summary of Initiative	FY 14 GF	FY 15 GF	FY 14 OSR (or other)	FY 15 OSR (or other)	NOTES	VOTE
TAX-1	NA	Bureau of Revenue Services Fund 0885 - BASELINE BUDGET			\$151,720	\$151,720		IN 12-0
TAX-2	NA	County Tax Reimbursement 0263 BASELINE BUDGET			\$1,440,000	\$1,440,000		IN 12-0
TAX-3	NA	Elderly Tax Deferral Program 0650 BASELINE BUDGET			\$22,000 \$10,000	\$22,000 \$10,000		IN as amended 12-0
TAX-4	122	Homestead Property Tax Exemption 0886 - Reduces funding for municipal reimbursement of 50% of the cost of lost property tax revenue.		(\$9,140,000)			See Part M.	OUT 10-2
TAX-5	NA	Maine Board of Tax Appeals Z146 BASELINE BUDGET	\$410,056	\$422,935				IN 12-0
TAX-6	140	Mandate BE/TE - Reimburse Municipalities Z065. Funding reduced to reflect historic reimbursement of claims for Business Tax Equipment Exemption from municipalities.	\$726	\$2,320			See Part K. May need to provide a recommendation for appropriate funding level that does not include the impact of Part K.	OUT 9-2

**Biennial Budget 2014-2015 - Joint Standing Committee on Taxation - Reflects votes through 4/22/13**

Page	Ref#	Summary of Initiative	FY 14 GF	FY 15 GF	FY 14 OSR (or other)	FY 15 OSR (or other)	NOTES	VOTE
TAX-7	NA	<b>Revenue Services, Bureau of 0002</b> BASELINE BUDGET	\$35,257,326	\$35,604,579			Minority member voting against the baseline budget believes there may be additional savings that can be found in this area.	IN 9-1
Tax 11	NA	<b>Revenue Services, Bureau of 0002</b> SUMMARY Initiatives on pages TAX-8 to TAX-10 make adjustment to the baseline with this summary as the net.	\$33,485,605	\$34,384,618			Minority member voting against the baseline budget believes there may be additional savings that can be found in this area.	IN 9-1
TAX-8	9	<b>Revenue Services 0002.</b> Reorganizes, eliminates, and transfers positions in Maine Revenue Services to create a Deputy Commissioner position in the Office of the Commissioner. The position was statutorily authorized in Part P of the Supplemental budget. (The Appropriations is in the budget for the Office of the Commissioner 0718 under the jurisdiction of the Joint Standing Committee on State and Local Government.)	(\$271,721)	(\$281,836)				IN 11-0
TAX-8	10	<b>Revenue Services 0002.</b> Reduces funding no longer required for debt service for Maine Revenue Integrated Tax System.	(\$1,500,000)	(\$3,000,000)				IN 11-0
TAX-9	11	<b>Revenue Services 0002.</b> Reduces funding to more accurately reflect anticipated payments from this account, which are projected to be less in the 2014-15 biennium.			(\$174,933)	(\$174,933)		IN 11-0

**Biennial Budget 2014-2015 - Joint Standing Committee on Taxation - Reflects votes through 4/22/13**

Page	Ref#	Summary of Initiative	FY 14 GF	FY 15 GF	FY 14 OSR (or other)	FY 15 OSR (or other)	NOTES	VOTE
TAX-9	12	<b>Revenue Services 0002.</b> Reduces funding to more accurately reflect allocations required for technology.			(\$229,156)	(\$229,156)		IN 11-0
TAX-9	13	<b>Revenue Services 0002.</b> Provides funding for reimbursement to municipalities for administrative costs associated with updating property tax records of homeowners who participate in the Homestead Exemption Program.		\$170,000			See Part M.	OUT 10-2
TAX-10	14	<b>Revenue Services 0002.</b> Provides funding for reimbursement to municipalities of administrative costs associated with processing of additional Business Equipment Tax Exemption applications.		\$750			See Part K.	OUT 9-2
TAX-10	15	<b>Revenue Services 0002.</b> Reduces funding resulting from changes to the Circuitbreaker Program		(\$108,875)			See Part L.	OUT 9-3
TAX-12	134	<b>Snow Grooming Tax Exemption Reimbursement Z024.</b> Reduces funding to reflect fewer anticipated payments.	(\$4,767)			(\$4,039)		IN 10-0
TAX-13	74	<b>Tree Growth Tax Reimbursement 0261.</b> Reduces funding for payments for the Tree Growth Tax Reimbursement as they are expected to decrease in the 2014-15 biennium.	(\$366,140)	(\$619,776)				IN 7-0
TAX-15	88	<b>Unorganized Territory Education and Services Fund - Finance 0573.</b> Provides funding for payments to counties providing service to the unorganized territory.			\$1,114,650	\$1,882,650		IN 8-0

**Biennial Budget 2014-2015 - Joint Standing Committee on Taxation - Reflects votes through 4/22/13**

Page	Ref#	Summary of Initiative	FY 14 GF	FY 15 GF	FY 14 OSR (or other)	FY 15 OSR (or other)	NOTES	VOTE
TAX-15	89	<b>Unorganized Territory Education and Services Fund - Finance 0573.</b> Adjusts funding as there is more value added to the TIF base related to the wind farms in the unorganized territory.			\$510,000	\$400,000	Minority Report = OUT	IN 5-3
TAX-17	137	<b>Veterans' Org. Tax Reimbursement Z062.</b> Reduces funding to reflect anticipated reimbursement municipalities for property tax loss due to exemptions for veterans organizations. Constitutionally required to reimburse municipalities 50% of the tax loss.	(\$6,936)	(\$5,550)				IN 8-0
TAX-18	79	<b>Veterans' Tax Reimbursement 0407.</b> Reduces funding to reflect anticipated reimbursement municipalities for property tax loss due to exemptions for veterans organizations. Constitutionally required to reimburse municipalities 50% of the tax loss.	(\$10,485)	\$44,687				IN 7-0
TAX-19	128	<b>Waste Facility Tax Reimbursement 0907.</b> Adjusts funding to reflect anticipated reimbursement levels; Constitutionally required to reimburse municipalities 50% of the tax loss.	(\$274)	\$306				IN 7-0
TAX-21	NA	<b>Property Tax Review, State Board of 0357</b> BASELINE BUDGET	\$86,664	\$86,664				IN 7-0

**Biennial Budget 2014-2015 - Joint Standing Committee on Taxation - Reflects votes through 4/22/13**

Page	Ref#	Summary of Initiative	FY 14 GF	FY 15 GF	FY 14 OSR (or other)	FY 15 OSR (or other)	NOTES	VOTE
TAX-23	2525	<b>Disproportionate Tax Burden Fund 0472.</b> Adjusts funding for municipal revenue sharing (Rev II) based on fiscal years 2014 and 2015 revenue forecasts approved by the Revenue Forecasting Committee.			\$9,762,353	\$12,076,369	See Part J. Will provide a recommendation in additional report back for appropriate funding level.	OUT 6-3
TAX-23	2526	<b>Disproportionate Tax Burden Fund 0472.</b> Provides funding for municipal revenue sharing (Rev II) resulting from tax proposals in this bill impacting the sales tax, income tax, etc.			\$43,177	\$104,134	See Part J	OUT 6-3
TAX-24	2527	<b>Disproportionate Tax Burden Fund 0472.</b> Reduces funding for the suspension of municipal revenue sharing in FY 2014 and FY 2015. See language Part J.			(\$29,563,541)	(\$31,938,514)	See Part J	OUT 6-3
TAX-26	2511	<b>Municipal Revenue Sharing 0020.</b> Adjusts funding for municipal revenue sharing (Rev I) based on fiscal years 2014 and 2015 revenue forecasts approved by the Revenue Forecasting Committee.			\$34,733,070	\$37,273,247	See Part J. Will provide a recommendation in additional report back for appropriate funding level.	OUT 6-3
TAX-26	2512	<b>Municipal Revenue Sharing 0020.</b> Provides funding for municipal revenue sharing (Rev I) resulting from tax proposals in this bill impacting the sales tax, income tax, etc.			\$184,073	\$416,537	See Part J	OUT 6-3
TAX-27	2513	<b>Municipal Revenue Sharing 0020.</b> Reduces funding for the suspension of municipal revenue sharing in FY 2014 and FY 2015. See language Part J.			(\$108,981,415)	(\$111,754,056)	See Part J	OUT 6-3



**LANGUAGE SECTIONS - Reflects votes through 4/22/13**

Page	Part	Summary of Language	GF Revenue FY14	GF Revenue FY15	GF Revenue Biennium	Notes	VOTE
TAX-29	J	Part J suspends distributions to municipalities from the Local Government Fund and the Disproportionate Tax Burden Fund for the 2014-2015 biennium.	\$ 138,317,706	\$ 143,171,899	\$281,489,605	Minority Report = IN; should be priority to keep in if funding is available	OUT 6-3
TAX-30 to TAX-33	K	Part K eliminates eligibility under the Business Equipment Tax Exemption (BETE) program for property located at certain retail sales facilities. It sunsets the Business Equipment Tax Reimbursement (BETR) program with respect to property taxes paid after 2012. Property that would have otherwise qualified for the BETR program, except the property located at retail sales facilities, is to be treated as eligible business equipment for purposes of the BETE program for property tax years beginning on or after April 1, 2014. It increases the municipal reimbursement rate under the BETE program from 50% to 60% for the property tax year beginning April 1, 2014, and 55% for the property tax year beginning April 1, 2015. The rate for subsequent property tax years would be 50%, impact in FY 16 = \$13m and FY 17 = \$16m.		\$ 11,754,000	\$ 11,754,000	Minority Report = IN; should be priority to keep in if funding is available	OUT 9-2

**LANGUAGE SECTIONS - Reflects votes through 4/22/13**

Page	Part	Summary of Language	GF Revenue FY14	GF Revenue FY15	GF Revenue Biennium	Notes	VOTE
Tax 34 to TAX-36	L	Part L amends the current Maine Residents Property Tax Refund (Circuitbreaker) Program to remove dependent income from the definition of household income and to reduce the household income eligibility threshold for nonelderly households to the pre-2005 levels adjusted for inflation (\$38,200 for single-member households and to \$59,300 for multiple member households). The annual adjustment for income eligibility is amended to next take place in 2014. It reduces the percentage used to convert rent to an amount representing rent constituting property taxes for nonelderly households from 20% to 15% of gross rent. It repeals provisions allowing certain claimants receiving federal disability payments to qualify for the low-income elderly portion of the program. It repeals provisions that allow claimants that live in subsidized housing and who receive social security disability or supplemental security income disability benefits to qualify for the general portion of the program. A benefit is denied in cases where the claimant or claimant's household has certain investment income in excess of \$10,000. Benefits under the program would be limited to households where the claimant or claimant's spouse had attained the age of 65 during the year for which relief is requested. It applies to application periods beginning on or after August 1, 2013.	\$ 34,818,578	\$ 38,624,625	\$ 73,443,203	Minority Report = IN	OUT 9-3
Tax 37 to TAX-39	M	Part M ends the current homestead exemption for Maine residents for property tax years beginning on or after April 1, 2014 and replaces it with a new homestead exemption limited to homeowners age 65 and older. The new homestead exemption amount is increased to \$20,000 and the requirement that an individual own a home in Maine during the preceding 12 months is removed. It adjusts the definition of a "qualifying shareholder" for purposes of the homestead property tax exemption to include the requirement that the qualifying shareholder of a cooperative housing corporation must have attained the age of 65 by April 1 of the year of the exemption.		\$ (391,579)	\$ (391,579)	Minority Report = IN; should be priority to keep in if funding is available	OUT 10-2
TAX-40	N	Part N clarifies that sales tax applies to the sale of digital products that are delivered electronically to the purchaser, such as by a purchaser's download of the product onto a digital device.					IN as amended 8-0

**LANGUAGE SECTIONS - Reflects votes through 4/22/13**

Page	Part	Summary of Language	GF Revenue FY14	GF Revenue FY15	GF Revenue Biennium	Notes	VOTE
TAX-41 to TAX 43	O	<p>Part O deletes the provision for funding from the Maine Budget Stabilization Fund certain payments for adjustments to state valuation for sudden and severe disruption of valuation. It specifies the date by which a claim for adjustment must be filed. It amends the definition of what constitutes a sudden and severe disruption. It clarifies and specifies the procedure for a municipality's filing of a claim and the review and determination of that claim by the State Tax Assessor. It provides that a municipality must submit a professional appraisal of the property at issue with its claim for relief under section 208-A. It provides that the adjustments allowed under this section shall be applied by the Commissioner of Education and the Treasurer of State to the following fiscal year. It makes various changes to clarify the wording of the existing section. It provides that the additional reimbursement under the Business Equipment Tax Exemption of certain qualified property is conditioned on the municipality including an approved professional appraisal with its claim for reimbursement. It provides for retroactive application.</p>					Tabled

**LANGUAGE SECTIONS - Reflects votes through 4/22/13**

Page	Part	Summary of Language	GF Revenue FY14	GF Revenue FY15	GF Revenue Biennium	Notes	VOTE
TAX-44	P	Part P repeals the sales tax exemption for publications issued at average intervals not exceeding three months. Repeal of the exemption applies to sales occurring on or after October 1, 2013.	\$ 2,625,000	\$ 3,605,000	\$ 6,230,000	Minority report = IN	OUT 6-5
TAX-45 to TAX-47	Q	Part Q suspends the inflation adjustment for tax years beginning in 2014 and 2015 and amends the inflation adjustment calculation for tax years beginning after 2015 based on the Chained Consumer Price Index instead of the Consumer Price Index; impact in FY 16 = \$11.7m and FY 17 = \$13.8m.	\$ 1,920,000	\$ 7,200,000	\$ 9,120,000	Minority report IN <u>as amended</u> keeping the suspension of indexing for 2 years but rejecting Chain CPI in future years.	OUT 7-4
TAX-48	T	Part T approves funding to continue each individual tax expenditure.					IN 9-0

Sec. A-1. Appropriations and allocations. The following appropriations and allocations are made.

IN

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services Fund 0885

Initiative: BASELINE BUDGET

BUREAU OF REVENUE SERVICES FUND	History 2011-12	History 2012-13	2013-14	2014-15
All Other	\$151,720	\$151,720	\$151,720	\$151,720
<b>BUREAU OF REVENUE SERVICES FUND TOTAL</b>	<b>\$151,720</b>	<b>\$151,720</b>	<b>\$151,720</b>	<b>\$151,720</b>

**Justification:**

Provide imaging, scanning, debt collection, and administrative services to other state agencies. Provide a vehicle to deliver revenue collection services throughout state government.

BUREAU OF REVENUE SERVICES FUND 0885

PROGRAM SUMMARY

BUREAU OF REVENUE SERVICES FUND	History 2011-12	History 2012-13	2013-14	2014-15
All Other	\$151,720	\$151,720	\$151,720	\$151,720
<b>BUREAU OF REVENUE SERVICES FUND TOTAL</b>	<b>\$151,720</b>	<b>\$151,720</b>	<b>\$151,720</b>	<b>\$151,720</b>

IN

**County Tax Reimbursement 0263**

Initiative: BASELINE BUDGET

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$1,371,400	\$1,440,000	\$1,440,000	\$1,440,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$1,371,400</b>	<b>\$1,440,000</b>	<b>\$1,440,000</b>	<b>\$1,440,000</b>

**Justification:**

The primary function of this program is to ensure that revenue collected from Unorganized Territory taxpayers for motor vehicle and watercraft excise taxes is used to provide services to the Unorganized Territory Tax District. Receipts are funneled to the appropriate County treasury having jurisdiction over that unorganized place.

This money is used to reduce the amount that would otherwise need to be raised through the property tax for the purpose of reimbursing counties for services provided by them in Unorganized Territory within that County.

The State Tax Assessor has authorized approximately 60 agents to serve as Unorganized Territory tax collectors at various locations throughout twelve of the sixteen Maine counties. Typically, agent-collectors are also municipal excise tax collectors serving in jurisdictions near selected Unorganized Territory residential areas. This revenue line has proved very difficult to project because the inventory of vehicles changes constantly and may be somewhat cyclical. Inasmuch as vehicle ownership and frequency of replacement follow no discernible pattern or trend our estimations do not warrant a high degree of confidence.

**COUNTY TAX REIMBURSEMENT 0263**

**PROGRAM SUMMARY**

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$1,371,400	\$1,440,000	\$1,440,000	\$1,440,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$1,371,400</b>	<b>\$1,440,000</b>	<b>\$1,440,000</b>	<b>\$1,440,000</b>

IN as Amended

**Elderly Tax Deferral Program 0650**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$22,000	\$22,000	\$22,000	\$22,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	\$22,000	\$22,000	<del>\$22,000</del> \$10,000	<del>\$22,000</del> \$10,000

**Justification:**

The purpose of the Elderly Tax Deferral Program is to enable qualifying Maine Resident elderly homeowners to defer payment of "homestead" property taxes. Property taxes may present hardships for some elderly homeowners with limited income. This program can help reduce the incidence of elderly persons being displaced from the homestead. The State pays the participant's property tax directly to the municipality that expects timely payment of property taxes in order to maintain necessary services. The program assists those elderly homeowners that may not have the financial ability to satisfy payment demands in full or in a timely fashion and thus may otherwise be compelled to sell the property, seek relief or face tax lien proceedings. The interest of the State in the property is protected by the filing of a lien.

The program was available to application through March 31, 1991. The program now consists of paying the annual obligations of initially qualified participants, providing necessary account statements, filing notice of lien and discharging liens resulting from attrition.

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**ELDERLY TAX DEFERRAL PROGRAM 0650  
PROGRAM SUMMARY**

	History 2011-12	History 2012-13	2013-14	2014-15
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$22,000	\$22,000	\$22,000	\$22,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	\$22,000	\$22,000	\$22,000	\$22,000

**Homestead Property Tax Exemption Reimbursement 0886**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$23,600,000	\$23,961,875	\$23,961,875	\$23,961,875
<b>GENERAL FUND TOTAL</b>	\$23,600,000	\$23,961,875	\$23,961,875	\$23,961,875

**Justification:**

The purpose of the reimbursement is to offset the effect upon local property tax burden arising from the municipal exemption provided for the homestead of qualified residents that can certify ownership and permanent residency in Maine for the 12 months preceding the April 1st application date.

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**Homestead Property Tax Exemption Reimbursement 0886**

Initiative: Reduces funding for municipal reimbursement of 50% of the cost of lost property tax revenue associated with the Homestead Exemption Program.

Ref. #: 122

Committee Vote: OUT 10-2 AFA Vote: \_\_\_\_\_

	2013-14	2014-15
<b>GENERAL FUND</b>		
All Other	\$0	(\$9,140,000)
<b>GENERAL FUND TOTAL</b>	\$0	(\$9,140,000)

**Justification:**

No justification provided

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**HOMESTEAD PROPERTY TAX EXEMPTION REIMBURSEMENT 0886  
PROGRAM SUMMARY**

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$23,600,000	\$23,961,875	\$23,961,875	\$14,821,875
<b>GENERAL FUND TOTAL</b>	\$23,600,000	\$23,961,875	\$23,961,875	\$14,821,875



IN

**Maine Board of Tax Appeals Z146**

Initiative: BASELINE BUDGET

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
POSITIONS - LEGISLATIVE COUNT	0.000	4.000	4.000	4.000
Personal Services	\$0	\$353,871	\$342,743	\$355,622
All Other	\$0	\$67,244	\$67,313	\$67,313
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$421,115</b>	<b>\$410,056</b>	<b>\$422,935</b>
	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$0	\$45,000	\$45,000	\$45,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>

**Justification:**

The Maine Board of Tax Appeals is an independent board within the Department of Administrative and Financial Services (DAFS); and is not subject to the supervision or control of the bureau. The Board provides taxpayers a fair system of resolving controversies with the bureau and ensures due process.

**MAINE BOARD OF TAX APPEALS Z146**

**PROGRAM SUMMARY**

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
POSITIONS - LEGISLATIVE COUNT	0.000	4.000	4.000	4.000
Personal Services	\$0	\$353,871	\$342,743	\$355,622
All Other	\$0	\$67,244	\$67,313	\$67,313
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$421,115</b>	<b>\$410,056</b>	<b>\$422,935</b>
	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$0	\$45,000	\$45,000	\$45,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>

**Mandate BETE - Reimburse Municipalities Z065**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$10,000	\$9,902	\$9,902	\$9,902
<b>GENERAL FUND TOTAL</b>	\$10,000	\$9,902	\$9,902	\$9,902

**Justification:**

The Business Equipment Tax Exemption Mandate Reimbursement Program is included in Chapter 623 Section 1, PL 2006. The purpose of the program is to reimburse municipalities and the Unorganized Territory Education and Services Fund for state mandated costs related to the implementation of the Business Equipment Tax Exemption as required under the Constitution of Maine, Article IX, Section 21, and Title 30-A, sec. 5685.

**Mandate BETE - Reimburse Municipalities Z065**

Initiative: Provides funding for increased payments to municipalities.

*May provide a recommendation for appropriate funding level that does not include Part K, if needed.*

Ref. #: 140

Committee Vote:

OUT 9-2

AFA Vote: \_\_\_\_\_

	2013-14	2014-15
<b>GENERAL FUND</b>		
All Other	\$726	\$2,320
<b>GENERAL FUND TOTAL</b>	\$726	\$2,320

**Justification:**

Projections for this Program indicate a slight increase in each year of the biennium.

**MANDATE BETE - REIMBURSE MUNICIPALITIES Z065  
PROGRAM SUMMARY**

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$10,000	\$9,902	\$10,628	\$12,222
<b>GENERAL FUND TOTAL</b>	\$10,000	\$9,902	\$10,628	\$12,222

IN 9-1

**Revenue Services, Bureau of 0002**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
POSITIONS - LEGISLATIVE COUNT	311.000	304.000	301.500	301.500
POSITIONS - FTE COUNT	0.000	0.000	0.346	0.346
Personal Services	\$19,794,848	\$19,269,897	\$20,763,794	\$21,611,047
All Other	\$13,910,458	\$13,326,077	\$14,493,532	\$15,993,532
<b>GENERAL FUND TOTAL</b>	<b>\$33,705,306</b>	<b>\$32,595,974</b>	<b>\$35,257,326</b>	<b>\$37,604,579</b>
	History 2011-12	History 2012-13	2013-14	2014-15
<b>FEDERAL EXPENDITURES FUND</b>				
All Other	\$5,000	\$5,000	\$5,000	\$5,000
<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>
	History 2011-12	History 2012-13	2013-14	2014-15
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$9,219,673	\$9,219,673	\$9,222,437	\$9,222,437
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$9,219,673</b>	<b>\$9,219,673</b>	<b>\$9,222,437</b>	<b>\$9,222,437</b>

**Justification:**

Maine Revenue Services (MRS) exists primarily to collect tax revenues necessary to support Maine State Government. In order to achieve this end, MRS must responsibly administer state tax law. Subsidiary responsibilities of MRS include 1) oversight of municipal tax administration in order to assist municipalities and provide uniformity of local taxes throughout the state, and 2) operation of various tax relief programs to provide tax relief to taxpayers pursuant to Maine law.

In order to achieve MRS' purposes, these major functional areas have evolved. The duties of each are divided among operating divisions of Maine Revenue Services.

**Tax Administration:** The Income & Estate Tax Division administers income, insurance premiums, withholding, financial institution, pass-through entity, estate tax law and the Maine Residents Property Tax Program and the Business Equipment Tax Reimbursement ("BETR") Program; the Sales, Fuel & Special Tax Division administers Sales, Use and Service Provider taxes, Recycling Assistance fees, Bulk Motor Oil premiums, Gasoline and Special Fuel taxes and International Fuel Tax Agreement ("IFTA"), Cigarette and Tobacco Products taxes, Potato, Blueberry, Railroad and Mahogany Quahog taxes, Hospital and Health Care Provider taxes, Initiator of Deposit, Milk Handling fee and various tax refund programs; the Property Tax Division provides oversight and direction for municipal tax administration, annually determines State Valuation, administers the property tax and motor vehicle/watercraft excise taxation in the Unorganized Territories, annually sets Tree Growth valuations, administers municipal reimbursements for Tree Growth, Homestead and Veterans' Exemptions, administers Commercial Forestry Excise and Real Estate Transfer taxes.

**Operations:** The Operations Division provides mail processing and deposits tax revenues, prepares budgets for the Bureau, monitors Bureau expenditures, provides bureau-wide business services and analyzes tax legislation; the Data Entry Division maintains and operates automated systems within the Bureau and provides Bureau-wide data entry services; and the Research Division provides research support to the Bureau, develops economic models for tax policy analysis, and monitors monthly tax revenues.



Initiative: Reduces funding to more accurately reflect anticipated tax revenue collection amounts.

Ref. #: 11

Committee Vote:

IN

AFA Vote:

**OTHER SPECIAL REVENUE FUNDS**

**2013-14**

**2014-15**

All Other

(\$174,933)

(\$174,933)

OTHER SPECIAL REVENUE FUNDS TOTAL

(\$174,933)

(\$174,933)

**Justification:**

Payments from this account are projected to be less in the 2014-15 biennium, and the Other Special Revenue allocation is being adjusted likewise.

**Revenue Services, Bureau of 0002**

Initiative: Reduces funding to more accurately reflect information technology needs.

Ref. #: 12

Committee Vote:

IN

AFA Vote:

**OTHER SPECIAL REVENUE FUNDS**

**2013-14**

**2014-15**

All Other

(\$229,156)

(\$229,156)

OTHER SPECIAL REVENUE FUNDS TOTAL

(\$229,156)

(\$229,156)

**Justification:**

No justification provided

**Revenue Services, Bureau of 0002**

Initiative: Provides funding for reimbursement to municipalities for administrative costs associated with updating property tax records of homeowners who participate in the Homestead Exemption Program.

Ref. #: 13

One Time

Committee Vote:

OUT 10-2

AFA Vote:

**GENERAL FUND**

**2013-14**

**2014-15**

All Other

\$0

\$170,000

GENERAL FUND TOTAL

\$0

\$170,000

**Justification:**

No justification provided

**Revenue Services, Bureau of 0002**

Initiative: Provides funding for reimbursement to municipalities of administrative costs associated with processing of additional Business Equipment Tax Exemption applications.

Ref. #: 14

One Time

Committee Vote:

OUT 9-2

AFA Vote: \_\_\_\_\_

**GENERAL FUND**

All Other

2013-14

2014-15

\$0

\$750

GENERAL FUND TOTAL

\$0

\$750

**Justification:**

No justification provided

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**Revenue Services, Bureau of 0002**

Initiative: Reduces funding resulting from changes to the Circuitbreaker program.

Ref. #: 15

Committee Vote:

OUT 9-3

AFA Vote: \_\_\_\_\_

**GENERAL FUND**

All Other

2013-14

2014-15

\$0

(\$108,875)

GENERAL FUND TOTAL

\$0

(\$108,875)

**Justification:**

No justification provided

**REVENUE SERVICES, BUREAU OF 0002**  
**PROGRAM SUMMARY**

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
POSITIONS - LEGISLATIVE COUNT	311.000	304.000	298.500	298.500
POSITIONS - FTE COUNT	0.000	0.000	0.346	0.346
Personal Services	\$19,794,848	\$19,269,897	\$20,512,073	\$21,349,211
All Other	\$13,910,458	\$13,326,077	\$12,973,532	\$13,035,407
<b>GENERAL FUND TOTAL</b>	<b>\$33,705,306</b>	<b>\$32,595,974</b>	<b>\$33,485,605</b>	<b>\$34,384,618</b>
	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>FEDERAL EXPENDITURES FUND</b>				
All Other	\$5,000	\$5,000	\$5,000	\$5,000
<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>
	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$9,219,673	\$9,219,673	\$8,818,348	\$8,818,348
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$9,219,673</b>	<b>\$9,219,673</b>	<b>\$8,818,348</b>	<b>\$8,818,348</b>





**Tree Growth Tax Reimbursement 0261**

Initiative: BASELINE BUDGET

<b>GENERAL FUND</b>	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$8,650,000	\$7,870,783	\$7,870,783	\$7,870,783
<b>GENERAL FUND TOTAL</b>	<b>\$8,650,000</b>	<b>\$7,870,783</b>	<b>\$7,870,783</b>	<b>\$7,870,783</b>

**Justification:**

The purpose of the Tree Growth Tax Reimbursement Program is to help moderate property tax rates for municipalities that experience reduced valuations due to the mandated use of (lower) current use values in place of (higher) ad valorem values. The reduced valuation on forestland causes a general shift in local tax burden to non-classified property because the lower taxable valuation base produces a somewhat higher property tax rate.

By statute, a municipal reimbursement is appropriate when it is determined that the use of mandated Tree Growth values results in a "tax loss" associated with classified forest lands as determined according to the statutorily established formula. The "tax loss" is offset by the calculated municipal savings in local share education costs that results from a lower State Valuation attributed to the use of Tree Growth values in determining said state valuation. Furthermore, the 90% amount of statutory reimbursement is subject to prorating based on the program allocation if full funding is not provided. In addition, municipalities that fail to comply with statutory requirements to maintain at least a 70% assessment ratio or timely file a completed Municipal Valuation Return will forfeit some or all of their reimbursement.

There are at least 3,600,000 classified acres included in over 22,000 parcels in municipalities statewide. There are over 7.5 million acres of classified forestland in the Unorganized Territory that receives no reimbursement. Thirty two percent of Unorganized Territory revenue is derived from owners of forestland classified under the Tree Growth Tax Law.

**Tree Growth Tax Reimbursement 0261**

Initiative: Reduces funding for grants.

Ref. #: 74

Committee Vote: \_\_\_\_\_

*IN*

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	(\$366,140)	(\$619,776)
<b>GENERAL FUND TOTAL</b>	<b>(\$366,140)</b>	<b>(\$619,776)</b>

**Justification:**

Payments for the Tree Growth Tax Reimbursement are expected to decrease in the 2014-15 biennium.

**TREE GROWTH TAX REIMBURSEMENT 0261  
PROGRAM SUMMARY**

<b>GENERAL FUND</b>	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$8,650,000	\$7,870,783	\$7,504,643	\$7,251,007
<b>GENERAL FUND TOTAL</b>	<b>\$8,650,000</b>	<b>\$7,870,783</b>	<b>\$7,504,643</b>	<b>\$7,251,007</b>



**UNORGANIZED TERRITORY EDUCATION AND SERVICES FUND - FINANCE 0573  
PROGRAM SUMMARY**

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$14,093,350	\$14,685,350	\$16,310,000	\$16,968,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$14,093,350</b>	<b>\$14,685,350</b>	<b>\$16,310,000</b>	<b>\$16,968,000</b>

**Veterans' Organization Tax Reimbursement Z062**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$30,000	\$34,656	\$34,656	\$34,656
<b>GENERAL FUND TOTAL</b>	\$30,000	\$34,656	\$34,656	\$34,656

**Justification:**

The purpose of this program is to reimburse municipalities for 50% of the loss in property tax revenue resulting from the expansion of the property tax exemption granted to veterans' organizations.

---

**Veterans' Organization Tax Reimbursement Z062**

Initiative: Reduces funding due to projected fewer payments.

Ref. #: 137

Committee Vote:

IN

AFA Vote: \_\_\_\_\_

	2013-14	2014-15
<b>GENERAL FUND</b>		
All Other	(\$6,936)	(\$5,550)
<b>GENERAL FUND TOTAL</b>	(\$6,936)	(\$5,550)

**Justification:**

Projections indicate that fewer payments will be made from this program in the 2014-15 biennium. This exemption was expanded in 2007 to include property used to further an organization's charitable purposes. Many municipalities had already offered an exemption, reducing the usage of this Program.

---

**VETERANS' ORGANIZATION TAX REIMBURSEMENT Z062  
PROGRAM SUMMARY**

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$30,000	\$34,656	\$27,720	\$29,106
<b>GENERAL FUND TOTAL</b>	\$30,000	\$34,656	\$27,720	\$29,106

**Veterans Tax Reimbursement 0407**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$1,075,000	\$1,113,930	\$1,113,930	\$1,113,930
<b>GENERAL FUND TOTAL</b>	<u>\$1,075,000</u>	<u>\$1,113,930</u>	<u>\$1,113,930</u>	<u>\$1,113,930</u>

**Justification:**

The Veteran's Tax Exemption Reimbursement Program is mandated by Article IV, Part 3, Section 23 of the Maine Constitution. The purpose of the reimbursement is to diminish the effect upon local property tax burden arising from the municipal exemption provided for the estates of qualified veterans and certain survivors of a deceased veteran that are eligible based on the qualifying service of that veteran.

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**Veterans Tax Reimbursement 0407**

Initiative: Adjusts funding based on projected needs.

Ref. #: 79

Committee Vote:

IN

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>		<b>2013-14</b>	<b>2014-15</b>
All Other		(\$10,485)	\$44,687
<b>GENERAL FUND TOTAL</b>		<u>(\$10,485)</u>	<u>\$44,687</u>

**Justification:**

Projections for the Veteran's Tax Reimbursement Program indicate a slight savings in the first year of the biennium, but are expected to increase in the second year.

---

**VETERANS TAX REIMBURSEMENT 0407  
PROGRAM SUMMARY**

	History 2011-12	History 2012-13	2013-14	2014-15
<b>GENERAL FUND</b>				
All Other	\$1,075,000	\$1,113,930	\$1,103,445	\$1,158,617
<b>GENERAL FUND TOTAL</b>	<u>\$1,075,000</u>	<u>\$1,113,930</u>	<u>\$1,103,445</u>	<u>\$1,158,617</u>

**Waste Facility Tax Reimbursement 0907**

Initiative: BASELINE BUDGET

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
All Other	\$12,000	\$11,882	\$11,882	\$11,882
<b>GENERAL FUND TOTAL</b>	\$12,000	\$11,882	\$11,882	\$11,882

**Justification:**

The purpose of this program is to reimburse municipalities for 50% of the loss in property tax revenue resulting from property tax exemptions granted on animal waste storage facilities.

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**Waste Facility Tax Reimbursement 0907**

Initiative: Adjusts funding based on projected needs.

Ref. #: 128

Committee Vote:

IN

AFA Vote: \_\_\_\_\_

<b>GENERAL FUND</b>			<b>2013-14</b>	<b>2014-15</b>
All Other			(\$274)	\$306
<b>GENERAL FUND TOTAL</b>			(\$274)	\$306

**Justification:**

Projections for the Waste Facility Reimbursement Program indicate a slight savings in 2014, with a small increase in 2015.

---

**WASTE FACILITY TAX REIMBURSEMENT 0907  
PROGRAM SUMMARY**

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
All Other	\$12,000	\$11,882	\$11,608	\$12,188
<b>GENERAL FUND TOTAL</b>	\$12,000	\$11,882	\$11,608	\$12,188

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>	\$66,530,121	\$58,107,837
<b>FEDERAL EXPENDITURES FUND</b>	\$5,000	\$5,000
<b>OTHER SPECIAL REVENUE FUNDS</b>	\$26,635,348	\$27,293,348
<b>BUREAU OF REVENUE SERVICES FUND</b>	\$151,720	\$151,720
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u>\$93,322,189</u>	<u>\$85,557,905</u>



IN

Sec. A-60. Appropriations and allocations. The following appropriations and allocations are made.

**PROPERTY TAX REVIEW, STATE BOARD OF**

**Property Tax Review - State Board of 0357**

Initiative: BASELINE BUDGET

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
Personal Services	\$6,099	\$6,099	\$6,099	\$6,099
All Other	\$81,107	\$80,162	\$80,565	\$80,565
<b>GENERAL FUND TOTAL</b>	<b>\$87,206</b>	<b>\$86,261</b>	<b>\$86,664</b>	<b>\$86,664</b>
	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$3,000	\$3,000	\$3,000	\$3,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>

**Justification:**

The Board has been established to hear and determine tax abatement appeals involving nonresidential properties with an equalized valuation of \$1,000,000 or more and appeals arising under 1) the tree tax law (36 MRSA 571 et seq.), 2) the farm and open space law (36 MRSA 1101 et seq.), 3) mine site cases (as provided in 36 MRSA 2865), 4) Working Waterfront designations (36 MRSA, 1131 et seq.); and municipal valuation appeals (36 MRSA 272).

**PROPERTY TAX REVIEW - STATE BOARD OF 0357**

**PROGRAM SUMMARY**

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>				
Personal Services	\$6,099	\$6,099	\$6,099	\$6,099
All Other	\$81,107	\$80,162	\$80,565	\$80,565
<b>GENERAL FUND TOTAL</b>	<b>\$87,206</b>	<b>\$86,261</b>	<b>\$86,664</b>	<b>\$86,664</b>
	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$3,000	\$3,000	\$3,000	\$3,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>

**PROPERTY TAX REVIEW, STATE BOARD OF**

<b>DEPARTMENT TOTALS</b>	<b>2013-14</b>	<b>2014-15</b>
<b>GENERAL FUND</b>	<b>\$86,664</b>	<b>\$86,664</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$3,000</b>	<b>\$3,000</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$89,664</b>	<b>\$89,664</b>

**Sec. A-69. Appropriations and allocations.**

The following appropriations and allocations are made.

**TREASURER OF STATE, OFFICE OF**

**Disproportionate Tax Burden Fund 0472**

Initiative: BASELINE BUDGET

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$18,647,165	\$19,758,011	\$19,758,011	\$19,758,011
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$18,647,165</b>	<b>\$19,758,011</b>	<b>\$19,758,011</b>	<b>\$19,758,011</b>

**Justification:**

Within the State-Municipal Revenue Sharing program exists the Local Government Fund which was established to strengthen the state-municipal fiscal relationship in an effort to stabilize the municipal property tax burden and to aid in financing all municipal services. The Disproportionate Tax Burden Fund was also established to provide additional support for municipalities experiencing a higher-than-average property tax burden. Staff in the Administration program distribute payments to more than 490 municipalities by the 20th of each month; update individual municipalities' statistics annually which are used to determine the distribution ratio; respond to municipalities' questions and audits confirmations; forward projection information to the Maine Municipal Association for distribution; maintain and update website (facilitating electronic deposit) monthly.

**Disproportionate Tax Burden Fund 0472**

Initiative: Adjusts funding for municipal revenue sharing to municipalities.

Ref. #: 2525

Committee Vote: OUT 6-3

AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$9,762,353	\$12,076,369
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$9,762,353</b>	<b>\$12,076,369</b>

**Justification:**

Adjusts funding for Municipal Revenue Sharing to municipalities based on fiscal years 2014 and 2015 revenue forecasts approved by the Revenue Forecasting Committee.

**Disproportionate Tax Burden Fund 0472**

Initiative: Provides funding for municipal revenue sharing resulting from tax proposals in this bill for Homestead, Part M, Sales tax, Part P and Income Tax, Part Q.

Ref. #: 2526

Committee Vote: OUT 6-3

AFA Vote: \_\_\_\_\_

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$43,177	\$104,134
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$43,177</b>	<b>\$104,134</b>

**Justification:**

No justification provided

*Will include a seperate initiative*

**Disproportionate Tax Burden Fund 0472**

*in our additional report to address needed funding for Revenue Sharing*

Initiative: Reduces funding for the suspension of municipal revenue sharing transfers in Part J of this bill.

Ref. #: 2527

Committee Vote: OUT 6-3

AFA Vote: \_\_\_\_\_

**OTHER SPECIAL REVENUE FUNDS**

**2013-14**

**2014-15**

All Other

(\$29,563,541) (\$31,938,514)

**OTHER SPECIAL REVENUE FUNDS TOTAL**

(\$29,563,541) (\$31,938,514)

**Justification:**

No justification provided

**DISPROPORTIONATE TAX BURDEN FUND 0472**

**PROGRAM SUMMARY**

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$18,647,165	\$19,758,011	\$0	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$18,647,165</b>	<b>\$19,758,011</b>	<b>\$0</b>	<b>\$0</b>

**Passamaquoddy Sales Tax Fund 0915**

Initiative: BASELINE BUDGET

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$17,607	\$17,607	\$17,607	\$17,607
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	\$17,607	\$17,607	\$17,607	\$17,607

**Justification:**

The purpose of this program is to process the reimbursement of sales taxes paid to the Passamaquoddy Tribal Government.

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**PASSAMAQUODDY SALES TAX FUND 0915  
PROGRAM SUMMARY**

	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$17,607	\$17,607	\$17,607	\$17,607
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	\$17,607	\$17,607	\$17,607	\$17,607

**State - Municipal Revenue Sharing 0020**

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
<b>OTHER SPECIAL REVENUE FUNDS</b>				
All Other	\$76,394,979	\$74,064,272	\$74,064,272	\$74,064,272
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$76,394,979</b>	<b>\$74,064,272</b>	<b>\$74,064,272</b>	<b>\$74,064,272</b>

**Justification:**

Within the State-Municipal Revenue Sharing program exists the Local Government Fund which was established to strengthen the state-municipal fiscal relationship in an effort to stabilize the municipal property tax burden and to aid in financing all municipal services. The Disproportionate Tax Burden Fund was also established to provide additional support for municipalities experiencing a higher-than-average property tax burden. Staff in the Administration program distribute payments to more than 490 municipalities by the 20th of each month; update individual municipalities' statistics annually which are used to determine the distribution ratio; respond to municipalities' questions and audits confirmations; forward projection information to the Maine Municipal Association for distribution; maintain and update website (facilitating electronic deposit) monthly.

**State - Municipal Revenue Sharing 0020**

Initiative: Adjusts funding for municipal revenue sharing to municipalities.

*Will include a separate initiative in our additional report to address needed funding for revenue sharing.*

Ref. #: 2511

Committee Vote:

OUT-6-3

AFA Vote: \_\_\_\_\_

	2013-14	2014-15
<b>OTHER SPECIAL REVENUE FUNDS</b>		
All Other	\$34,733,070	\$37,273,247
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$34,733,070</b>	<b>\$37,273,247</b>

**Justification:**

Adjusts funding for Municipal Revenue Sharing to municipalities based on fiscal years 2014 and 2015 revenue forecasts approved by the Revenue Forecasting Committee.

**State - Municipal Revenue Sharing 0020**

Initiative: Provides funding for municipal revenue sharing resulting from tax proposals in this bill for Homestead, Part M, Sales tax, Part P and Income Tax, Part Q.

Ref. #: 2512

Committee Vote:

OUT 6-3

AFA Vote: \_\_\_\_\_

	2013-14	2014-15
<b>OTHER SPECIAL REVENUE FUNDS</b>		
All Other	\$184,073	\$416,537
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$184,073</b>	<b>\$416,537</b>

**Justification:**

No justification provided

**State - Municipal Revenue Sharing 0020**

Initiative: Reduces funding for the suspension of municipal revenue sharing transfers in Part J of this bill.

Ref. #: 2513

Committee Vote: OUT 6-3

AFA Vote: \_\_\_\_\_

**OTHER SPECIAL REVENUE FUNDS**

All Other

2013-14	2014-15
(\$108,981,415)	(\$111,754,056)

**OTHER SPECIAL REVENUE FUNDS TOTAL**

(\$108,981,415)	(\$111,754,056)
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**Justification:**

No justification provided

**STATE - MUNICIPAL REVENUE SHARING 0020**

**PROGRAM SUMMARY**

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>History 2011-12</b>	<b>History 2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
All Other	\$76,394,979	\$74,064,272	\$0	\$0
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$76,394,979</b>	<b>\$74,064,272</b>	<b>\$0</b>	<b>\$0</b>

**TREASURER OF STATE, OFFICE OF**

**DEPARTMENT TOTALS**

**2013-14**

**2014-15**

**OTHER SPECIAL REVENUE FUNDS**

**\$17,607**

**\$17,607**

**DEPARTMENT TOTAL - ALL FUNDS**

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**\$17,607**

**\$17,607**



OUT  
6-3

## PART J

### **Sec. J-1. State-municipal revenue sharing; distributions to municipalities.**

Notwithstanding the Maine Revised Statutes, Title 30-A, section 5681 or any other provision of law, between June 1, 2013 and June 1, 2015 calculations of 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F and L and transfers from General Fund undedicated revenue to the Local Government Fund shall be suspended. No distributions shall be made from the Local Government Fund or the Disproportionate Tax Burden Fund between July 1, 2013 and June 30, 2015.

			<b>Projections FY 2015- 16</b>	<b>Projections FY 2016- 17</b>
<b>Revenue</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>		
<b>General Fund</b>				
PART J, Section 1	\$138,317,706	\$143,171,899	\$0	\$0
<b>Other Special Revenue Funds</b>				
PART J, Section 1	(\$138,317,706)	(\$143,171,899)	\$0	\$0

## SUMMARY

### PART J

This Part suspends distributions to municipalities from the Local Government Fund and the Disproportionate Tax Burden Fund for the 2014-2015 biennium.

## PART K

**Sec. K-1. 36 MRSA §691, sub-§1, ¶A**, as amended by PL 2009, c. 571, Pt. II, §1 and affected §5, is further amended to read:

A. "Eligible business equipment" means qualified property that, in the absence of this subchapter, would first be subject to assessment under this Part ~~on or~~ after April 1, ~~2008~~1995. "Eligible business equipment" includes, without limitation, repair parts, replacement parts, replacement equipment, additions, accessions and accessories to other qualified business property ~~that first became subject to assessment under this Part before after April 1, 2008 if the part, addition, equipment, accession or accessory would, in the absence of this subchapter, first be subject to assessment under this Part on or after April 1, 2008 on hand but not in service if acquired after April 1, 1995, regardless of when placed in service.~~ "Eligible business equipment" also includes inventory parts.

"Eligible business equipment" does not include:

- (1) Office furniture, including, without limitation, tables, chairs, desks, bookcases, filing cabinets and modular office partitions;
- (2) Lamps and lighting fixtures used primarily for the purpose of providing general purpose office or worker lighting;
- (3) Property owned or used by an excluded person;
- (4) Telecommunications personal property subject to the tax imposed by section 457;
- (5) Gambling machines or devices, including any device, machine, paraphernalia or equipment that is used or usable in the playing phases of any gambling activity as that term is defined in Title 8, section 1001, subsection 15, whether that activity consists of gambling between persons or gambling by a person involving the playing of a machine. "Gambling machines or devices" includes, without limitation:
  - (a) Associated equipment as defined in Title 8, section 1001, subsection 2;
  - (b) Computer equipment used directly and primarily in the operation of a slot machine as defined in Title 8, section 1001, subsection 39;
  - (c) An electronic video machine as defined in Title 17, section 1831, subsection 4;
  - (d) Equipment used in the playing phases of lottery schemes; and
  - (e) Repair and replacement parts of a gambling machine or device;
- (6) Property located at a retail sales facility and used primarily in a retail sales activity ~~unless the property is owned by a business that operates a retail sales facility in the State exceeding 100,000 square feet of interior customer selling~~

~~space that is used primarily for retail sales and whose Maine-based operations derive less than 30% of their total annual revenue on a calendar year basis from sales that are made at a retail sales facility located in the State. For purposes of this subparagraph, the following terms have the following meanings:~~

- ~~(a) "Primarily" means more than 50% of the time;~~
- ~~(b) "Retail sales activity" means an activity associated with the selection and purchase of goods or services or the rental of tangible personal property. "Retail sales activity" does not include production as defined in section 1752, subsection 9-B; and~~
- ~~(c) "Retail sales facility" means a structure used to serve customers who are physically present at the facility for the purpose of selecting and purchasing goods or services at retail or for renting tangible personal property. "Retail sales facility" does not include a separate structure that is used as a warehouse or call center facility;~~

~~(7) Property that is not entitled to an exemption by reason of the additional limitations imposed by subsection 2; or~~

~~(8) Personal property that would otherwise be entitled to exemption under this subchapter used primarily to support a telecommunications antenna used by a telecommunications business subject to the tax imposed by section 457.~~

**Sec. K-2. 36 MRSA §694, sub-§ 2, ¶A**, as enacted by PL 2005, c. 623, § 1, is amended to read:

**2. Entitlement to reimbursement by State; calculation.** Reimbursement is calculated as follows.

A. Notwithstanding section 661, upon proof in a form satisfactory to the bureau, unless a municipality chooses reimbursement under paragraph B, a municipality that has accepted a valid exemption under this subchapter is entitled to recover from the State the applicable percentage of property tax revenue lost by reason of the exemption. Except as otherwise provided in this subsection, the applicable percentage is:

~~(1) For property tax years beginning April 1, 2008, 100%;~~

~~(2) For property tax years beginning April 1, 2009, 90%;~~

~~(3) For property tax years beginning April 1, 2010, 80%;~~

~~(4) For property tax years beginning April 1, 2011, 70%;~~

~~(5) For property tax years beginning April 1, 2012, 60%; and~~

~~(6) For property tax years beginning April 1, 2013 and for subsequent tax years, 50%;~~

(7) For property tax years beginning April 1, 2014, 60%;

(8) For property tax years beginning April 1, 2015, 55%;

(9) For property tax years beginning April 1, 2016 and for subsequent tax years, 50%.

**Sec. K-3. 36 MRSA §700-C** is enacted to read:

**§700-C. Transition.**

Reimbursement provided by this chapter is eliminated for property taxes paid on or after January 1, 2013. Property that would otherwise qualify for reimbursement under this chapter is eligible for exemption to the extent provided, and except as excluded, under Chapter 105, subchapter 4-C for property tax years beginning on or after April 1, 2014.

**Sec. K-4. Application.** That section of this Part that amends the Maine Revised Statutes, Title 36, section 691, subsection 1, paragraph A applies to property tax years beginning on or after April 1, 2014.

**Sec. K-5. Retroactivity.** That section of this Part that enacts the Maine Revised Statutes, Title 36, section 700-C applies retroactively to property taxes paid on or after January 1, 2013.

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Projections FY 2015-16</b>	<b>Projections FY 2016-17</b>
<b>Revenue</b>				
<b>General Fund</b>				
PART K	\$0	\$11,754,000	\$12,977,000	\$15,967,000

**SUMMARY  
PART K**

This Part does the following:

It eliminates eligibility under the Business Equipment Tax Exemption (BETE) program for property located at certain retail sales facilities.

It sunsets the Business Equipment Tax Reimbursement (BETR) program with respect to property taxes paid after 2012. Property that would have otherwise qualified for the BETR program, except the property located at retail sales facilities, is to be treated as eligible business

equipment for purposes of the BETE program for property tax years beginning on or after April 1, 2014.

It increases the municipal reimbursement rate under the BETE program from 50% to 60% for the property tax year beginning April 1, 2014, and 55% for the property tax year beginning April 1, 2015. The rate for subsequent property tax years would be 50%.

## PART L

**Sec. L-1. 36 MRSA §6201, sub-§3**, as amended by PL 2007, c. 438, §112 is further amended to read:

**3. Elderly household.** "Elderly household" means a household in which, during the year for which relief is requested:

A. At least one member of the household had attained the age of ~~62~~ 65;

B. ~~The claimant was not married and had attained the age of 55 and was, due to disability, receiving federal disability payments such as supplemental security income; or~~

C. ~~The claimant was married and had attained the age of 55 and both the claimant and the claimant's spouse were, due to disability, receiving federal disability payments such as supplemental security income.~~

**Sec. L-2. 36 MRSA §6201, sub-§ 7** as enacted by PL 1987, c. 516, §§ 3, 6 is amended to read:

**7. Household income.** "Household income" means all income received by ~~all persons of a household~~ the claimant and the claimant's spouse in a calendar year while members of the household.

**Sec. L-3. 36 MRSA §6201, sub-§9-A** is enacted to read:

**9-A. Investment income.** "Investment income" means taxable interest, tax-exempt interest, ordinary dividends and capital gains reduced by capital losses but not reduced below \$0. For purposes of this subsection, the terms "taxable interest," "tax-exempt interest," "ordinary dividends," "capital gains" and "capital losses" have the same meanings as those terms have for federal income tax purposes under the Code.

**Sec. L-4. 36 MRSA §6201, sub-§ 11-A** as amended by PL 2005, c. 2, Pt. E, § 2 and affected by §§ 7, 8 is further amended to read:

**11-A. Rent constituting property taxes accrued for nonelderly household.** "Rent constituting property taxes accrued for nonelderly household" means ~~20%~~ 15% of the gross rent actually paid in cash or its equivalent in any tax year by a claimant and the claimant's household solely for the right of occupancy of their Maine homestead in the tax year and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this chapter by the claimant.

**Sec. L-5. 36 MRSA §6207, sub-§ 2-A** as enacted by PL 2007, c. 700, Pt. A, § 2 is amended to read:

**2-A. Income eligibility.** ~~For application periods beginning on or after August 1, 2008, a single-member household with a household income in excess of \$60,000 and a household with 2 or more members with a household income in excess of \$80,000 are not eligible for a benefit.~~  
For application periods beginning on or after August 1, 2013, a single-member household with a household income in excess of \$38,200 and a household with 2 or more members with a household income in excess of \$59,300 are not eligible for a benefit.

**Sec. L-6. 36 MRSA §6207, sub-§3,** as amended by PL 1999, c. 494, §16 is further amended to read:

**3. Subsidized housing; special needs payment.** A claim may not be granted under this section to claimants:

A. Whose housing costs for the year for which relief is requested were subsidized by government programs that limit housing costs to a percentage of household income, ~~except that the exclusion provided by this paragraph does not apply to persons receiving social security disability or supplemental security income disability benefits.~~

**Sec. L-7. 36 MRSA §6209, sub-§4** as amended by PL 2009, c. 434, §81 is further amended to read:

**4. Income eligibility adjustment.** Beginning ~~March 1, 2009,~~ March 1, 2014, the State Tax Assessor shall annually multiply the household income eligibility adjustment factor by the maximum income eligibility amounts specified in section 6207, subsection 2-A, as previously adjusted. The result must be rounded to the nearest \$50 and applies to the application period beginning the next August 1st.

**Sec. L-8. 36 MRSA §6209, sub-§ 5** is enacted to read:

**5. Investment income adjustment.** Beginning March 1, 2014, the State Tax Assessor shall annually multiply the household income eligibility adjustment factor by the maximum investment income amount specified in section 6221 as previously adjusted. The result must be rounded to the nearest \$50 and applies to the application period beginning the next August 1st.

**Sec. L-9. 36 MRSA §6221** is enacted to read:

**§6221. Denial of benefit for households having excess investment income**

A benefit is not allowed under this chapter if, for the year for which relief is requested, the aggregate amount of investment income of a household exceeds \$10,000.

**Sec. L-10. 36 MRS §6222** is enacted to read:

**§6222. Denial of benefit for certain households**

A benefit is not allowed under this chapter unless, during the year for which relief is requested, the claimant or the claimant's spouse had attained the age of 65.

**SUMMARY  
PART L**

This Part does the following:

It amends the current Maine Residents Property Tax Refund (Circuitbreaker) Program to remove dependent income from the definition of household income and to reduce the household income eligibility threshold for nonelderly households to the pre-2005 levels adjusted for inflation (\$38,200 for single-member households and to \$59,300 for multiple member households). The annual adjustment for income eligibility is amended to next take place in 2014.

It reduces the percentage used to convert rent to an amount representing rent constituting property taxes for nonelderly households from 20% to 15% of gross rent.

It repeals provisions allowing certain claimants receiving federal disability payments to qualify for the low-income elderly portion of the program.

It repeals provisions that allow claimants that live in subsidized housing and who receive social security disability or supplemental security income disability benefits to qualify for the general portion of the program. A benefit is denied in cases where the claimant or claimant's household has certain investment income in excess of \$10,000. Benefits under the program would be limited to households where the claimant or claimant's spouse had attained the age of 65 during the year for which relief is requested.

It applies to application periods beginning on or after August 1, 2013.



## PART M

**Sec. M-1. 36 MRSA §681, sub-§5** as enacted by PL 2005, c. 647, §3 and affected by §3 is amended to read:

**5. Qualifying shareholder.** "Qualifying shareholder" means a person who is a:

A. ~~Shareholder~~ A shareholder in a cooperative housing corporation that owns a homestead in this State;

B. ~~Shareholder for the preceding 12 months in the cooperative housing corporation specified in paragraph A;~~ and

C. ~~Permanent~~ A permanent resident of this State; and

D. Beginning on April 1, 2014, the age of 65 by April 1 of the year of the exemption.

**Sec. M-2. MRSA §683, sub-§1** as amended by PL 2009, c. 213, Pt. YYY, § 1 and affected by PL 2009, c. 652, Pt. A, § 63 is further amended to read:

**1. Exemption amount for property tax years beginning on or before April 1,**

**2013.** Except for assessments for special benefits, the just value of \$10,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation for property tax years beginning on or before April 1, 2013. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$10,000 of the just value of the homestead, but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

**Sec. M-3. 36 MRSA §683, sub-§1-B** is enacted to read:

**1-B. Exemption amount for property tax years beginning on or after April 1,**

**2014.** Except for assessments for special benefits, the just value of \$20,000 of the homestead of a permanent resident of this State who has attained the age of 65 by April 1 of the year of exemption is exempt from taxation for property tax years beginning on or after April 1, 2014. The individual claiming exemption under this subsection must file an application form with the assessor or the assessor's representative consistent with section 684. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$20,000 of the just value of the

homestead, but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

**Sec. M-4. 36 MRSA §683, sub-§5** as enacted by PL 2005, c. 647, § 4 and affected by §5 is amended to read:

**5. Determination of exemption for cooperative housing corporation.** A cooperative housing corporation may apply for an exemption under this subchapter to be applied against the valuation of property of the corporation that is occupied by qualifying shareholders. The application must include a list of all qualifying shareholders and must be updated annually to reflect changes in the ownership and residency of qualifying shareholders. The exemption is equal to the amount specified in subsection 1 multiplied by the number of units in the cooperative property occupied by qualifying shareholders. For property tax years beginning on or after April 1, 2014, the exemption is equal to the amount specified in subsection 1-B multiplied by the number of units in the cooperative property occupied by qualifying shareholders. A cooperative housing corporation that receives an exemption pursuant to this section shall apportion the property tax reduction resulting from the exemption among the qualifying shareholders on a per unit basis. Any supplemental assessment resulting from disqualification for exemption must be applied in the same manner against the qualifying shareholders for whom the disqualification applies.

**Sec. M-5. Application.** The section of this Part that amends the Maine Revised Statutes, Title 36, section 683, subsection 1 applies to property tax years beginning on or before April 1, 2013. Those sections of this Part that enact the Maine Revised Statutes, Title 36, section 681, subsection 5, paragraph D and section 683, subsection 1-B and amend section 683, subsection 5 apply to property tax years beginning on or after April 1, 2014.

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Revenue</b>				
<b>General Fund</b>				
PART M	\$0	(\$391,579)	(\$936,000)	(\$955,000)
<b>Other Special Revenue Funds</b>				
PART M	\$0	\$0	(\$49,263)	(\$50,263)

**SUMMARY  
PART M**

This Part does the following:

It ends the current homestead exemption for Maine residents for property tax years beginning on or after April 1, 2014 and replaces it with a new homestead exemption limited to homeowners age 65 and older. The new homestead exemption amount is increased to \$20,000

and the requirement that an individual own a home in Maine during the preceding 12 months is removed.

It adjusts the definition of a “qualifying shareholder” for purposes of the homestead property tax exemption to include the requirement that the qualifying shareholder of a cooperative housing corporation must have attained the age of 65 by April 1 of the year of the exemption.

IN  
as amended

(New language  
attached.)

**PART N**

**Sec. N-1. 36 MRSA §1752, sub-§25**, is enacted to read:

**25. Transferred electronically.** “Transferred electronically” means delivered to the purchaser by means other than tangible storage media.

**Sec. N-2. 36 MRSA §1811, ¶1**, as amended by PL 2011, c.209, §4 and affected by §5, is further amended to read:

**§1811. Sales tax**

A tax is imposed on the value of all products transferred electronically, tangible personal property and taxable services sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles or of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; 7% on the value of prepared food; and 5% on the value of all other products transferred electronically, tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided. The value of rental for a period of less than one year of an automobile or of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.

**SUMMARY**

**PART N**

This Part clarifies that sales tax applies to the sale of digital products that are delivered electronically to the purchaser, such as by a purchaser's download of the product onto a digital device.

PART O

**Sec. O-1. 5 MRSA §1532, sub-§7** as enacted by PL 2007, c. 322, §1, is repealed.

**Sec. O-2. 36 MRSA §208-A, sub-§1** as repealed and replaced by PL 2007, c. 322, §2, is amended to read:

**1. Request for adjustment.** A municipality that has experienced a sudden and severe disruption in its municipal valuation may request an adjustment to the equalized valuation determined by the State Tax Assessor under section 208 for the purposes of calculating distributions of education funding under Title 20-A, chapter 606-B and state-municipal revenue sharing under Title 30-A, section 5681. A municipality requesting an adjustment under this section must file a petition, with supporting documentation, with the State Tax Assessor by March 31<sup>st</sup> of the year following the tax year in which the sudden and severe disruption occurred and indicate the time period for which adjustments to distributions are requested under subsection 5.

**Sec. O-3. 36 MRSA §208-A, sub-§2** as repealed and replaced by PL 2007, c. 322, §2, is amended to read:

**2. Sudden and severe disruption.** A municipality experiences a sudden and severe disruption in its municipal valuation if:

A. The municipality experiences ~~an equalized~~ a net reduction in equalized municipal valuation of at least 2% from the equalized municipal valuation that would apply without adjustment under this section;

B. The ~~equalized~~ net reduction in equalized municipal valuation is attributable to the ~~closure~~ cessation of business operations, removal, ~~replacement, retrofit, obsolescence~~ or destruction of property resulting from disaster, ~~disaster or abatement~~ attributable to a single taxpayer that occurred in the prior tax year; and

C. The municipality's equalized tax rate of residential property exceeds the state average.

For purposes of this subsection, "removal" does not include property that was present in the municipality for less than 24 months. This subsection does not apply to property acquired by a municipality that otherwise could seek relief pursuant to this section.

**Sec. O-4. 36 MRSA §208-A, sub-§3** as repealed and replaced by PL 2007, c. 322, §2, is repealed and the following enacted in its place:

**3. Procedure.** A municipality may request an adjustment under this section by filing a petition with the State Tax Assessor in accordance with this subsection.

A. On forms prescribed by the State Tax Assessor, the municipality shall identify a net reduction in equalized municipal valuation of at least 2% of the municipality's equalized value, the property of a single taxpayer, the date of the loss, and the cause of the loss. The municipality must include a professional appraisal of the property responsible for the loss that shows the value of the property immediately prior to the loss and the value of the

property following the loss. In determining the values of the property, the appraiser must consider the cost, income capitalization and sales comparison approaches to the valuation of property. The appraisal must be prepared by a professional appraiser approved for that purpose by the State Tax Assessor. The municipality is required to provide any other documentation to support its claim as determined by the State Tax Assessor.

B. The State Tax Assessor shall examine the documentation provided by the municipality and determine whether the municipality qualifies for an adjustment under this section.

C. If the State Tax Assessor determines that a municipality qualifies for an adjustment under this section, the State Tax Assessor shall calculate the amount of the adjustment for the municipality by determining the amount by which the state valuation determined under section 208 would be reduced as a result of the net sudden and severe disruption of equalized municipal valuation for the state valuations to be used in the next fiscal year by the Commissioner of Education and the Treasurer of State. The State Tax Assessor shall adjust subsequent state valuations until such time as the state valuation recognizes the loss. The State Tax Assessor may limit the time period or amount of adjustment to reflect the circumstances of the sudden and severe loss of valuation.

**Sec. O-5. 36 MRSA §208-A, sub-§5** as repealed and replaced by PL 2007, c. 322, §2, is amended to read:

**5. Effect of modified state valuation.** The determination of an adjustment to state valuation has the following effect.

A. The Commissioner of Education shall use the adjusted state valuation amount instead of the valuation certified under section 305 in calculate the amount by which the local share of education funding under Title 20-A, chapter 606-B would have been increased if the adjusted state valuation amount had been used for the applicable time period in calculating for the following fiscal year education funding obligations. The commissioner shall certify to the State Controller the amount required to make the necessary payments and pay that amount to the municipality.

B. The Treasurer of State shall use the adjusted state valuation amount instead of the valuation certified under section 305 in calculating ~~future~~ for the following fiscal year distributions of state-municipal revenue sharing.

**Sec. O-6. 36 MRSA §694, sub-§2, ¶ B,** as amended by P.L. 2007, c.627, section 25, is further amended to read:

B. In the case of a municipality that chooses reimbursement under this paragraph in which the personal property factor exceeds 5%, the applicable percentage for exempt business equipment is 50% plus an amount equal to 1/2 of the personal property factor. For purposes of this paragraph, "personal property factor" means the percentage derived from a fraction, the numerator of which is the value of business personal property in the municipality, whether taxable or exempt, and the denominator of which is the value of all taxable property

in the municipality plus the value of exempt business equipment. For purposes of this paragraph, the taxable value of exempt business equipment is the value that would have been assessed on that equipment if it were taxable. In order to obtain the reimbursement under this paragraph, the municipality must provide to the State Tax Assessor an appraisal of the exempt business equipment of all taxpayers whose equalized municipal valuation makes up at least 2% of the overall equalized valuation of the municipality. In determining the value of the property the appraiser must consider the cost, income capitalization and sales comparison approaches to the valuation of property. The appraisal must determine a value for the property within the five years prior to the date of the claim and must be prepared by a professional appraiser approved for that purpose by the State Tax Assessor. This appraisal must be the basis on which the property is assessed for municipal property tax purposes.

**Sec. O-7. Retroactive application.** This Part applies retroactively to property tax years beginning on or after April 1, 2013.

## SUMMARY PART O

This Part does the following:

It deletes the provision for funding from the Maine Budget Stabilization Fund certain payments for adjustments to state valuation for sudden and severe disruption of valuation.

It specifies the date by which a claim for adjustment must be filed. It amends the definition of what constitutes a sudden and severe disruption.

It clarifies and specifies the procedure for a municipality's filing of a claim and the review and determination of that claim by the State Tax Assessor.

It provides that a municipality must submit a professional appraisal of the property at issue with its claim for relief under section 208-A.

It provides that the adjustments allowed under this section shall be applied by the Commissioner of Education and the Treasurer of State to the following fiscal year.

It makes various changes to clarify the wording of the existing section.

It provides that the additional reimbursement under the Business Equipment Tax Exemption of certain qualified property is conditioned on the municipality including an approved professional appraisal with its claim for reimbursement.

It provides for retroactive application.

OUT  
6-5

**PART P**

**Sec. P-1.** 36 MRSA §1760, sub-§14 is repealed.

**Sec. P-2. Application.** This Part applies to sales occurring on or after October 1, 2013.

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Projections FY 2015-16</b>	<b>Projections FY 2016-17</b>
<b>Revenue</b>				
<b>General Fund</b>				
PART P	\$2,625,000	\$3,605,000	\$3,527,493	\$3,633,317
<b>Other Special Revenue Funds</b>				
PART P	\$0	\$0	\$185,658	\$191,227

**SUMMARY  
PART P**

This Part repeals the sales tax exemption for publications (magazines, newspapers, etc.) issued at average intervals not exceeding three months. Repeal of the exemption applies to sales occurring on or after October 1, 2013.



OUT 7-4

minority =  
IN on 2 year  
suspension, but OUT  
on chained CPI

**PART Q**

**Sec. Q-1. 36 MRS §5111, sub-§1-C**, as enacted by PL 2011, c. 380, Pt. N, §2 and affected by §19 amended to read:

**1-C. Single individuals and married persons filing separate returns; tax years beginning 2013.** For tax years beginning on or after January 1, 2013 but no later than December 31, 2013, for single individuals and married persons filing separate returns:

If Maine Taxable income is:	The tax is:
At least \$5,000 but less than \$19,950	6.5% of the excess over \$5,000
\$19,950 or more	\$972 plus 7.95% of the excess over \$19,950

**Sec. Q-2. 36 MRS §5111, sub-§1-D**, is enacted to read:

**1-D. Single individuals and married persons filing separate returns; tax years beginning 2014.** For tax years beginning on or after January 1, 2014, for single individuals and married persons filing separate returns:

<u>If Maine Taxable income is:</u>	<u>The tax is:</u>
<u>At least \$5,200 but less than \$20,900</u>	<u>6.5% of the excess over \$5,200</u>
<u>\$20,900 or more</u>	<u>\$1,021 plus 7.95% of the excess over \$20,900</u>

**Sec. Q-3. 36 MRS §5111, sub-§2-C**, as enacted by PL 2011, c. 380, Pt. N, §4 and affected by §19 amended to read:

**2-C. Heads of households; tax years beginning 2013.** For tax years beginning on or after January 1, 2013 but no later than December 31, 2013, for unmarried individuals or legally separated individuals who qualify as heads of households:

If Maine Taxable income is:	The tax is:
At least \$7,500 but less than \$29,900	6.5% of the excess over \$7,500
\$29,900 or more	\$1,456 plus 7.95% of the excess over \$29,900

**Sec. Q-4. 36 MRS §5111, sub-§2-D** is enacted to read:

**2-D. Heads of households; tax years beginning 2014.** For tax years beginning on or after January 1, 2014, for unmarried individuals or legally separated individuals who qualify as heads of households:

<u>If Maine Taxable income is:</u>	<u>The tax is:</u>
<u>At least \$7,850 but less than \$31,350</u>	<u>6.5% of the excess over \$7,850</u>

\$31,350 or more

\$1,528 plus 7.95% of the excess over \$31,350

**Sec. Q-5. 36 MRSA §5111, sub-§3-C** as enacted by PL 2011, c. 380, Pt. N, §6 and affected by §19 amended to read:

**3-C. Individuals filing married joint return or surviving spouses; tax years beginning 2013.** For tax years beginning on or after January 1, 2013 but no later than December 31, 2013, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

If Maine Taxable income is:

At least \$10,000 but less than \$39,900

\$39,900 or more

The tax is:

6.5% of the excess over \$10,000

\$1,944 plus 7.95% of the excess over \$39,900

**Sec. Q-6. 36 MRSA §5111, sub-§3-D** is enacted to read:

**3-D. Individuals filing married joint return or surviving spouses; tax years beginning 2014.** For tax years beginning on or after January 1, 2014, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

If Maine Taxable income is:

At least \$10,450 but less than \$41,850

\$41,850 or more

The tax is:

6.5% of the excess over \$10,450

\$2,041 plus 7.95% of the excess over \$41,850

**Sec. Q-7. 36 MRSA §5402, sub-§1**, as enacted by Initiated Bill 1983, c. 2, §4 is amended to read:

**1. Chained Consumer Price Index.** "Chained Consumer Price Index" means the average over a 12-month period of the ~~National~~ Chained Consumer Price Index, not seasonally adjusted, published monthly by the Bureau of Labor Statistics, United States Department of Labor designated as the "Chained ~~National~~ Consumer Price Index for All Urban Consumers-United States City Average."

**Sec. Q-8. 36 MRSA §5402, sub-§1-B**, as amended by PL 2011, c. 380, Pt. N, §17 and affected by §19 and §20 is further amended to read:

**1-B. Cost-of-living adjustment.** The "cost-of-living adjustment" for any calendar year is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, ~~2010~~ 2014.

**Sec. Q-9. 36 MRSA §5403**, as amended by PL 2011, c. 380, Pt. N, §18 and affected by §19 amended to read is further amended to read:

**36 §5403. ANNUAL ADJUSTMENTS FOR INFLATION**

Beginning in ~~2002~~ 2015, and each subsequent calendar year thereafter, on or about September 15th, the State Tax Assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the tax rate tables specified in section 5111, subsections ~~1-B, 1-C, 2-B, 2-C, 3-B~~ 1-D, 2-D and 3-D. If the dollar amounts of each rate bracket, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year would be less than the cost-of-living adjustment for the preceding calendar year, the cost-of-living adjustment is the same as for the preceding calendar year. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year.

**Sec. Q-10. Effective Date.** That Section of this Part that amends the Maine Revised Statutes, Title 36, section 5403 is effective August 31, 2013.

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Projections FY 2015-16</b>	<b>Projections FY 2016-17</b>
<b>Revenue</b>				
<b>General Fund</b>				
PART Q	\$1,920,000	\$7,200,000	\$11,093,720	\$13,079,114
<b>Other Special Revenue Funds</b>				
PART Q	\$0	\$0	\$583,880	\$688,374

**SUMMARY  
PART Q**

This Part suspends the inflation adjustment for tax years beginning in 2014 and 2015 and amends the inflation adjustment calculation for tax years beginning after 2015 based on the Chained Consumer Price Index instead of the Consumer Price Index.

**PART T**

**Sec. T-1. Tax expenditures.** In accordance with the Maine Revised Statutes, Title 5, section 1666, funding is continued for each individual tax expenditure, as defined in Title 5, section 1666, reported in the budget document submitted by the Governor on January 11, 2013.

**SUMMARY**

**PART T**

This Part verifies that funding is continued for each individual tax expenditure.

Amendment  
to Part N

Committee: Taxation

Date:

**COMMITTEE AMENDMENT " " TO LD \_\_ An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2014 and June 30, 2015**

Amend PART N of the bill to add a new Section N-2, as follows:

Sec. N-2. 36 MRSA § 1752, sub-§ 26, is enacted to read:

26. Products transferred electronically. "Products transferred electronically" means digital products the sale of which in non-digital physical form would be subject to sales tax in this State as sales of tangible personal property.

Amend Part N to renumber current Section N-2 to be Section N-3.

Amend Part N to add to the renumbered Section N-3 the following text as new ¶2 to 36 MRSA §1811:

"Products transferred electronically" are sold in this State if the property is electronically delivered to the customer at an address in Maine. If the property is not received by the purchaser at the seller's Maine business location or the purchaser's Maine location, the sale is in this State for these purposes when a Maine billing address is provided by the purchaser in connection with the transaction or, if no billing address is provided by the purchaser in connection with the transaction, when a Maine billing address is indicated in the seller's business records.

**SUMMARY**

This amendment clarifies that Part N is not intended to subject to tax services or products other than those that would be subject to tax in this State if purchased in non-digital physical form.