

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services Fund 0885

Initiative: BASELINE BUDGET

BUREAU OF REVENUE SERVICES FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$150,000	\$150,000	\$150,000	\$150,000
BUREAU OF REVENUE SERVICES FUND TOTAL	\$150,000	\$150,000	\$150,000	\$150,000

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 2007-08	History 2008-09	2009-10	2010-11
All Other	\$150,000	\$150,000	\$150,000	\$150,000
BUREAU OF REVENUE SERVICES FUND TOTAL	\$150,000	\$150,000	\$150,000	\$150,000

County Tax Reimbursement 0263

Initiative: BASELINE BUDGET

	History 2007-08	History 2008-09	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS				
All Other	\$1,039,500	\$1,091,475	\$1,091,475	\$1,091,475
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$1,039,500</u>	<u>\$1,091,475</u>	<u>\$1,091,475</u>	<u>\$1,091,475</u>

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 discernable pattern or trend our estimations do not warrant a high degree of confidence.

County Tax Reimbursement 0263

Initiative: Provides funding for anticipated excise tax reimbursements.

Ref. #: 137

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS		2009-10	2010-11
All Other		\$116,185	\$152,420
OTHER SPECIAL REVENUE FUNDS TOTAL		<u>\$116,185</u>	<u>\$152,420</u>

Justification:

Provides funding at an anticipated level for reimbursements for excise tax paid on motor vehicles, motor boats, etc.

**COUNTY TAX REIMBURSEMENT 0263
PROGRAM SUMMARY**

	History 2007-08	History 2008-09	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS				
All Other	\$1,039,500	\$1,091,475	\$1,207,660	\$1,243,895
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$1,039,500</u>	<u>\$1,091,475</u>	<u>\$1,207,660</u>	<u>\$1,243,895</u>

Elderly Tax Deferral Program 0650

Initiative: BASELINE BUDGET

	History 2007-08	History 2008-09	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS				
All Other	\$30,000	\$29,000	\$29,000	\$29,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$30,000	\$29,000	\$29,000	\$29,000

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.

Elderly Tax Deferral Program 0650

Initiative: Reduces funding to an anticipated level for the Elderly Tax Deferral Program.

Ref. #: 160

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS			2009-10	2010-11
All Other			(\$1,000)	(\$1,000)
OTHER SPECIAL REVENUE FUNDS TOTAL			(\$1,000)	(\$1,000)

Justification:

The number of participants in this program continues to decline.

**ELDERLY TAX DEFERRAL PROGRAM 0650
PROGRAM SUMMARY**

	History 2007-08	History 2008-09	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS				
All Other	\$30,000	\$29,000	\$28,000	\$28,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$30,000	\$29,000	\$28,000	\$28,000

Homestead Property Tax Exemption - Mandate Reimbursement 0887

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$26,900	\$29,907	\$31,000	\$31,000
GENERAL FUND TOTAL	\$26,900	\$29,907	\$31,000	\$31,000

Justification:

The Homestead Tax Exemption Mandate Reimbursement Program is included in Chapter 643 Part HHH-3, PL 1997. 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 Homestead Tax Exemption Program as required under the Constitution of Maine, Article IX, Section 21, and Title 30-A, sec. 5685.

Homestead Property Tax Exemption - Mandate Reimbursement 0887

Initiative: Reduces funding to an anticipated level for reimbursements in the Homestead Property Tax Exemption - Mandate Reimbursement program.

Ref. #: 222

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	(\$1,000)	(\$1,000)
GENERAL FUND TOTAL	(\$1,000)	(\$1,000)

Justification:

Fewer homestead properties have been sold.

**HOMESTEAD PROPERTY TAX EXEMPTION - MANDATE REIMBURSEMENT 0887
PROGRAM SUMMARY**

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$26,900	\$29,907	\$30,000	\$30,000
GENERAL FUND TOTAL	\$26,900	\$29,907	\$30,000	\$30,000

Homestead Property Tax Exemption Reimbursement 0886

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$27,776,591	\$27,815,198	\$28,276,398	\$28,276,398
GENERAL FUND TOTAL	\$27,776,591	\$27,815,198	\$28,276,398	\$28,276,398

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.

Homestead Property Tax Exemption Reimbursement 0886

Initiative: Provides funding to an anticipated level for reimbursements for homestead property tax exemptions.

Ref. #: 219

Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$223,602	\$223,602
GENERAL FUND TOTAL	\$223,602	\$223,602

Justification:

An adjustment in the municipal MIL rates from prior years is expected to increase the number of homestead property tax exemptions.

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

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$27,776,591	\$27,815,198	\$28,500,000	\$28,500,000
GENERAL FUND TOTAL	\$27,776,591	\$27,815,198	\$28,500,000	\$28,500,000

Mandate BETE - Reimburse Municipalities Z065

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$0	\$5,000	\$20,000	\$20,000
GENERAL FUND TOTAL	\$0	\$5,000	\$20,000	\$20,000

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 to reflect anticipated growth in the business equipment tax exemption program.

Ref. #: 247

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$10,000	\$15,000
GENERAL FUND TOTAL	\$10,000	\$15,000

Justification:

Existing applicants will be required to file each year along with new applicants.

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

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$0	\$5,000	\$30,000	\$35,000
GENERAL FUND TOTAL	\$0	\$5,000	\$30,000	\$35,000

Revenue Services - Bureau of 0002

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	325.500	324.000	324.000	324.000
POSITIONS - FTE COUNT	0.769	0.769	0.769	0.769
Personal Services	\$20,611,780	\$20,957,817	\$22,473,337	\$23,147,772
All Other	\$14,281,981	\$14,456,364	\$14,544,614	\$14,544,614
GENERAL FUND TOTAL	\$34,893,761	\$35,414,181	\$37,017,951	\$37,692,386

FEDERAL EXPENDITURES FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$5,000	\$5,000	\$5,000	\$5,000
FEDERAL EXPENDITURES FUND TOTAL	\$5,000	\$5,000	\$5,000	\$5,000

OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$4,483,400	\$5,858,500	\$4,493,500	\$4,493,500
OTHER SPECIAL REVENUE FUNDS TOTAL	\$4,483,400	\$5,858,500	\$4,493,500	\$4,493,500

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. Compliance: Audit Units within the Income & Estate Tax and the Sales, Fuel & Special Tax Divisions audit various businesses and individuals to determine their tax liabilities and assists taxpayers in the understanding necessary to comply with Maine tax law; the Compliance Division serves as the Bureau's collection arm for delinquent taxes and pursues tax returns which are not filed in a timely fashion; and the Appellate Division drafts recommended decisions of the assessor in matters relating to reconsideration and abatement requests and conducts required taxpayer conferences.

Revenue Services - Bureau of 0002

Initiative: Adjusts funding for the same level of information technology agency program and application support services at the fiscal years 2009-10 and 2010-11 Office of Information Technology rates for application services including server support, storage and shared platforms.

Ref. #: 3 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$272,333	\$272,333
GENERAL FUND TOTAL	\$272,333	\$272,333

Justification:

Additional funding is required to pay technology related services based on new technology rates developed for fiscal years 2009-10 and 2010-11. Oracle licensing costs and data storage for the statewide Administration System comprise the majority of the increase.

Revenue Services - Bureau of 0002

Initiative: Provides funding that reflects anticipated revenues necessary to pay contingency-related expenditures resulting from the collection of past-due taxes.

Ref. #: 4 Committee Vote: _____ AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2009-10	2010-11
All Other	\$1,339,878	\$1,424,943
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,339,878	\$1,424,943

Justification:

Efforts by outside collection agencies to collect tax debt has resulted in additional revenues being generated increasing the contingency related fees. This is a continuation of an LD45 initiative.

Revenue Services - Bureau of 0002

Initiative: Provides funding for updating the econometric database information used for revenue projections provided to the Revenue Forecasting Committee.

Ref. #: 5 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$300,000	\$300,000
GENERAL FUND TOTAL	\$300,000	\$300,000

Justification:

Approximately every 2 years federal data from 1040 returns is updated and made available to the states. Due to budget constraints the State of Maine did not fund this request in the last biennium. Funds are required for consulting services to ensure that the information used in revenue forecasting is current.

Revenue Services - Bureau of 0002

Initiative: Provides funding to cover escalator costs and contractual obligations associated with leased properties.

Ref. #: 6 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$198,326	\$227,953
GENERAL FUND TOTAL	<u>\$198,326</u>	<u>\$227,953</u>

Justification:

Over the past few years, the bureau's budget has been flat funded. Costs associated with the upkeep of leased properties has increased along with costs associated with the computation of lease escalator values such as electricity.

Revenue Services - Bureau of 0002

Initiative: Provides funding to reimburse the media production companies the amount they are entitled to in accordance with the Maine Revised Statutes, Title 36, section 6902, subsection 2.

Ref. #: 14 Committee Vote: _____ AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2009-10	2010-11
All Other	\$250,000	\$250,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$250,000</u>	<u>\$250,000</u>

Justification:

A media production company certified pursuant to Title 5, section 13090-L is allowed a tax reimbursement equal to 12% of certified production wages paid to employees who are residents of Maine and 10% of certified production wages paid to other employees. This allocation request provides the necessary allotment within the Media Production Reimbursement account in order for the Commissioner, in accordance with 36 MRSA, §6902, sub-§2, to reimburse the media production companies the amount they are entitled.

Revenue Services - Bureau of 0002

Initiative: Eliminates one Public Service Coordinator II position, 3 Office Assistant II positions and one Office Associate I position.

Ref. #: 12 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	(5.000)	(5.000)

Personal Services	(\$283,787)	(\$298,983)
GENERAL FUND TOTAL	\$283,787	\$298,983

Justification:

The Maine Revenue Services bureau proposes to eliminate one Public Service Coordinator II position; 3 Office Assistant II positions and one Office Associate I position in order to achieve target reduction savings. These position eliminations will impact the operational needs of the Bureau.

Revenue Services - Bureau of 0002

Initiative: Eliminates one Accounting Associate II position established in Public Law 2007, chapter 629. This position is no longer required due to the citizens' repeal of the beverage tax.

Ref. #: 15 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	(1,000)	(1,000)
Personal Services	(\$57,821)	(\$61,295)
GENERAL FUND TOTAL	\$57,821	\$61,295

Justification:

Eliminates one Accounting Associate II position established in Public Law 2007, chapter 629. This position is no longer required due to the citizens' repeal of the beverage tax.

Revenue Services - Bureau of 0002

Initiative: Provides funding on a one-time basis to cover additional computer programming costs, modifications to tax returns and notifications to affected taxpayers associated with the proposed legislation that amends Maine law to convert the excise tax on smokeless tobacco to a weight-based tax.

Ref. #: 13 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$30,050	\$0
GENERAL FUND TOTAL	\$30,050	\$0

Justification:

Legislation proposed in a separate part in this bill amends Maine law to convert the excise tax on smokeless tobacco products to a weight base tax. This proposal would generate additional undedicated revenue to the General Fund in fiscal years 2009-10 and 2010-11. Additional one-time funding is required in fiscal year 2009-10 to pay for computer programming costs, modifications to the tax returns and notifications to affected taxpayers.

Revenue Services - Bureau of 0002

Initiative: Provides funding to continue an overtime project to enhance revenue discovery and revenue collections. The project will raise net additional undedicated revenue to the General Fund of \$1,908,000 in fiscal years 2009-10 and 2010-11.

Ref. #: 20

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
Personal Services	\$222,600	\$222,600
All Other	\$20,000	\$20,000
GENERAL FUND TOTAL	\$242,600	\$242,600

Justification:

Maine Revenue Services projects that with additional funding for overtime that the bureau can enhance its collection efforts and raise an estimated net additional \$1,908,000 in undedicated revenue to the General Fund in fiscal years 2009-10 and 2010-11.

Revenue Services - Bureau of 0002

Initiative: Establishes 2 Senior Revenue Agent positions for the criminal investigations unit to provide deterrence to tax delinquents and focus on those individuals and businesses that intentionally failed to file a tax return, failed to pay tax or filed a fraudulent tax return. It is anticipated that these positions will generate net additional undedicated revenue to the General Fund of \$524,700 in each fiscal year.

Ref. #: 21

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	2.000	2.000
Personal Services	\$141,450	\$149,680
All Other	\$22,121	\$15,401
GENERAL FUND TOTAL	\$163,571	\$165,081

Justification:

The establishment of 2 Senior Revenue Agent positions would assist the Criminal Investigations Unit at Maine Revenue Services to focus on individuals and businesses that intentionally failed to file a tax return, failed to pay tax or filed a fraudulent tax return. It is anticipated that these positions would generate net additional undedicated revenue to the General Fund of \$524,700 each fiscal year.

Revenue Services - Bureau of 0002

Initiative: Provides funding on a one-time basis for computer programming costs associated with the provision in this Act to include prior taxable gifts in the Maine taxable estate.

Ref. #: 22

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$11,000	\$0
GENERAL FUND TOTAL	\$11,000	\$0

Justification:

Proposed changes to the estate tax law in Part E of this bill will require additional one-time funding for computer programming costs associated with the provision to include prior taxable gifts in the Maine taxable estate.

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

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	325.500	324.000	320.000	320.000
POSITIONS - FTE COUNT	0.769	0.769	0.769	0.769
Personal Services	\$20,611,780	\$20,957,817	\$22,495,779	\$23,159,774
All Other	\$14,281,981	\$14,456,364	\$15,398,444	\$15,380,301
GENERAL FUND TOTAL	\$34,893,761	\$35,414,181	\$37,894,223	\$38,540,075
FEDERAL EXPENDITURES FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$5,000	\$5,000	\$5,000	\$5,000
FEDERAL EXPENDITURES FUND TOTAL	\$5,000	\$5,000	\$5,000	\$5,000
OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$4,483,400	\$5,858,500	\$6,083,378	\$6,168,443
OTHER SPECIAL REVENUE FUNDS TOTAL	\$4,483,400	\$5,858,500	\$6,083,378	\$6,168,443

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: BASELINE BUDGET

	History 2007-08	History 2008-09	2009-10	2010-11
GENERAL FUND				
All Other	\$18,565	\$13,411	\$18,565	\$18,565
GENERAL FUND TOTAL	\$18,565	\$13,411	\$18,565	\$18,565

Justification:

The purpose of the Snow Grooming Property Tax Exemption Reimbursement program is to reimburse municipalities 50% of the property tax revenue loss as a result of the exemption for snow grooming equipment registered with the Department of Inland Fisheries and Wildlife.

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: Provides funding for an anticipated increase in reimbursements to municipalities.

Ref. #: 236

Committee Vote: _____

AFA Vote: _____

		2009-10	2010-11
GENERAL FUND			
All Other		\$6,435	\$6,435
GENERAL FUND TOTAL		\$6,435	\$6,435

Justification:

Municipalities are reimbursed 50% of the property tax revenue lost as a result of snow grooming equipment registered with the Department of Inland Fisheries and Wildlife. Claims have been slowly increasing and this request should meet the required reimbursements anticipated in fiscal years 2009-10 and 2010-11.

**SNOW GROOMING PROPERTY TAX EXEMPTION REIMBURSEMENT Z024
PROGRAM SUMMARY**

	History 2007-08	History 2008-09	2009-10	2010-11
GENERAL FUND				
All Other	\$18,565	\$13,411	\$25,000	\$25,000
GENERAL FUND TOTAL	\$18,565	\$13,411	\$25,000	\$25,000

Tree Growth Tax Reimbursement 0261

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$5,473,917	\$5,510,000	\$5,550,000	\$5,550,000
GENERAL FUND TOTAL	\$5,473,917	\$5,510,000	\$5,550,000	\$5,550,000

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: Provides funding for tree growth tax reimbursements for cities and towns.

Ref. #: 132 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	\$300,000	\$700,000
GENERAL FUND TOTAL	\$300,000	\$700,000

Justification:

Reduced offsets in municipal costs for education have resulted in increased tree growth reimbursement requests.

Tree Growth Tax Reimbursement 0261

Initiative: Reduces funding by 10% in the Tree Growth Tax Reimbursement program.

Ref. #: 133 Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	(\$585,000)	(\$625,000)

GENERAL FUND TOTAL

(\$585,000) (\$625,000)

Justification:

Reduces funding for the Tree Growth Tax Reimbursement program to achieve savings towards budget shortfall.

**TREE GROWTH TAX REIMBURSEMENT 0261
PROGRAM SUMMARY**

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$5,473,917	\$5,510,000	\$5,265,000	\$5,625,000
GENERAL FUND TOTAL	<hr/> \$5,473,917	<hr/> \$5,510,000	<hr/> \$5,265,000	<hr/> \$5,625,000

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$9,082,137	\$9,627,065	\$9,627,065	\$9,627,065
OTHER SPECIAL REVENUE FUNDS TOTAL	\$9,082,137	\$9,627,065	\$9,627,065	\$9,627,065

Justification:

To equitably assess and collect property taxes in the unorganized territory by discovering new property valuations.

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: Provides funding at an anticipated level for services provided to the residents of the unorganized territories.

Ref. #: 156

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2009-10	2010-11
All Other	\$1,208,715	\$1,858,865
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,208,715	\$1,858,865

Justification:

This program is a pass through account. The UT Services budget is specific to the UT and is legislatively approved annually. Dedicated revenue through property tax assessments is raised in order to meet the needs of the UT budget.

UNORGANIZED TERRITORY EDUCATION AND SERVICES FUND - FINANCE 0573

PROGRAM SUMMARY

OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$9,082,137	\$9,627,065	\$10,835,780	\$11,485,930
OTHER SPECIAL REVENUE FUNDS TOTAL	\$9,082,137	\$9,627,065	\$10,835,780	\$11,485,930

Veterans' Organization Tax Reimbursement Z062

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$0	\$14,803	\$322,892	\$322,892
GENERAL FUND TOTAL	\$0	\$14,803	\$322,892	\$322,892

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 to reflect anticipated reimbursements to veterans' organizations.

Ref. #: 243

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	(\$272,892)	(\$262,892)
GENERAL FUND TOTAL	(\$272,892)	(\$262,892)

Justification:

As this is a new program, claims are expected to be low until municipalities become more aware of this reimbursement.

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

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$0	\$14,803	\$50,000	\$60,000
GENERAL FUND TOTAL	\$0	\$14,803	\$50,000	\$60,000

Veterans Tax Reimbursement 0407

Initiative: BASELINE BUDGET

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$663,735	\$735,411	\$1,095,211	\$1,095,211
GENERAL FUND TOTAL	\$663,735	\$735,411	\$1,095,211	\$1,095,211

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.

Veterans Tax Reimbursement 0407

Initiative: Reduces funding to an anticipated level for veterans tax reimbursements.

Ref. #: 140

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	(\$45,211)	(\$20,211)
GENERAL FUND TOTAL	(\$45,211)	(\$20,211)

Justification:

Declining municipal MIL rates, as well as the number of qualifying veterans, has resulted in a reduction in overall reimbursement amounts.

Veterans Tax Reimbursement 0407

Initiative: Reduces funding in the Veterans Tax Reimbursement program to achieve target reduction savings.

Ref. #: 139

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2009-10	2010-11
All Other	(\$109,521)	(\$109,521)
GENERAL FUND TOTAL	(\$109,521)	(\$109,521)

Justification:

Reduces funding to achieve target reduction savings of 10% for this program.

**VETERANS TAX REIMBURSEMENT 0407
PROGRAM SUMMARY**

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$663,735	\$735,411	\$940,479	\$965,479
GENERAL FUND TOTAL	\$663,735	\$735,411	\$940,479	\$965,479

Waste Facility Tax Reimbursement 0907

Initiative: BASELINE BUDGET

	History 2007-08	History 2008-09	2009-10	2010-11
GENERAL FUND				
All Other	\$9,000	\$10,000	\$10,000	\$10,000
GENERAL FUND TOTAL	<u>\$9,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>

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.

Waste Facility Tax Reimbursement 0907

Initiative: Provides funding for tax reimbursements to cities and towns for waste facilities.

Ref. #: 228

Committee Vote: _____

AFA Vote: _____

		2009-10	2010-11
GENERAL FUND			
All Other		\$1,000	\$2,000
GENERAL FUND TOTAL		<u>\$1,000</u>	<u>\$2,000</u>

Justification:

Additional funding request is attributed to an increase in claims for reimbursements.

**WASTE FACILITY TAX REIMBURSEMENT 0907
PROGRAM SUMMARY**

	History 2007-08	History 2008-09	2009-10	2010-11
GENERAL FUND				
All Other	\$9,000	\$10,000	\$11,000	\$12,000
GENERAL FUND TOTAL	<u>\$9,000</u>	<u>\$10,000</u>	<u>\$11,000</u>	<u>\$12,000</u>

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2009-10	2010-11
GENERAL FUND	\$72,745,702	\$73,792,554
FEDERAL EXPENDITURES FUND	\$5,000	\$5,000
OTHER SPECIAL REVENUE FUNDS	\$18,154,818	\$18,926,268
BUREAU OF REVENUE SERVICES FUND	\$150,000	\$150,000
DEPARTMENT TOTAL - ALL FUNDS	\$91,055,520	\$92,873,822

Sec. A-57. 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

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	0.000	0.000	0.000	0.000
Personal Services	\$9,984	\$4,364	\$9,400	\$9,400
All Other	\$86,429	\$83,553	\$83,611	\$83,611
GENERAL FUND TOTAL	\$96,413	\$87,917	\$93,011	\$93,011

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

Initiative: Reduces funding for per diem and All Other for the State Board of Property Tax Review by limiting the number of hearings held annually.

Ref. #: 3439

Committee Vote: _____ AFA Vote: _____

GENERAL FUND	2009-10	2010-11
Personal Services	(\$3,301)	(\$3,301)
All Other	(\$6,000)	(\$6,000)
GENERAL FUND TOTAL	(\$9,301)	(\$9,301)

Justification:

The State Property Tax Review Board meets on average 12 times per year to hear and determine tax abatement appeals relating to the tree growth law; the farm and open space law; and property valuation. It is estimated that the board will be limited to 10 meetings per year to achieve savings in per diem and All Other.

PROPERTY TAX REVIEW - STATE BOARD OF 0357
PROGRAM SUMMARY

GENERAL FUND	History 2007-08	History 2008-09	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	0.000	0.000	0.000	0.000
Personal Services	\$9,984	\$4,364	\$6,099	\$6,099
All Other	\$86,429	\$83,553	\$77,611	\$77,611
GENERAL FUND TOTAL	\$96,413	\$87,917	\$83,710	\$83,710

Sec. A-66. Appropriations and allocations.

The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Passamaquoddy Sales Tax Fund 0915

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$17,607	\$17,607	\$17,607	\$17,607
OTHER SPECIAL REVENUE FUNDS TOTAL	\$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.

PASSAMAQUODDY SALES TAX FUND 0915

PROGRAM SUMMARY

OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$17,607	\$17,607	\$17,607	\$17,607
OTHER SPECIAL REVENUE FUNDS TOTAL	\$17,607	\$17,607	\$17,607	\$17,607

State - Municipal Revenue Sharing 0020

Initiative: BASELINE BUDGET

	History 2007-08	History 2008-09	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS				
All Other	\$131,537,376	\$127,068,047	\$135,340,038	\$135,340,038
OTHER SPECIAL REVENUE FUNDS TOTAL	\$131,537,376	\$127,068,047	\$135,340,038	\$135,340,038

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 during the 2010-2011 biennium.

Ref. #: 3668

Committee Vote: _____

AFA Vote: _____

	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS		
All Other	\$1,927,234	\$4,414,808
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,927,234	\$4,414,808

Justification:

Adjusts funding for Municipal Revenue Sharing to municipalities based on fiscal years 2009-10 and 2010-11 revenue forecasts approved by the Revenue Forecasting Committee in December 2008.

State - Municipal Revenue Sharing 0020

Initiative: Adjusts funding for the Disproportionate Tax Burden Fund from the distribution of revenue sharing funds in accordance with Maine Revised Statutes, Title 30-A, section 5681 and from the additional fund transfer associated with Title 36, section 700-A.

Ref. #: 3667

Committee Vote: _____

AFA Vote: _____

	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS		
All Other	(\$2,544,440)	\$24,354
OTHER SPECIAL REVENUE FUNDS TOTAL	(\$2,544,440)	\$24,354

Justification:

Establishes an allocation for the Disproportionate Tax Burden Fund based on the projected amount of revenue sharing funds approved by the Revenue Forecasting Committee for the 2010-2011 biennium. It also includes an allocation for the transfer of funds received in accordance with Maine Revised Statutes, Title 36 section 700-A. relating to Business Equipment Property Tax Exemption program.

**STATE - MUNICIPAL REVENUE SHARING 0020
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2007-08	History 2008-09	2009-10	2010-11
All Other	\$131,537,376	\$127,068,047	\$134,722,832	\$139,779,200
OTHER SPECIAL REVENUE FUNDS TOTAL	\$131,537,376	\$127,068,047	\$134,722,832	\$139,779,200

TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS

2009-10

2010-11

OTHER SPECIAL REVENUE FUNDS

\$134,740,439

\$139,796,807

DEPARTMENT TOTAL - ALL FUNDS

\$134,740,439

\$139,796,807

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Revenue Services - Bureau of 0002

Initiative: RECLASSIFICATIONS

Ref. #: 23

Committee Vote: _____

AFA Vote: IN _____

GENERAL FUND	2009-10	2010-11
Personal Services	\$2,999	\$3,031
All Other	(\$2,999)	(\$3,031)
GENERAL FUND TOTAL	\$0	\$0

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2009-10	2010-11
GENERAL FUND	\$0	\$0
DEPARTMENT TOTAL - ALL FUNDS	\$0	\$0

1 **PART E**

2 **Sec. E-1. 36 MRSA §4062, sub-§1-A, ¶A**, as repealed and replaced by PL 2005,
3 c. 12, Pt. N, §1 and affected by §4, is amended to read:

4 A. For the estates of decedents dying after December 31, 2002, "federal credit"
5 means the maximum credit against the tax on the federal taxable estate for state death
6 taxes determined under the Code, Section 2011 as of December 31, 2002 exclusive of
7 the reduction of the maximum credit contained in the Code, Section 2011(b)(2); the
8 period of limitations under the Code, Section 2011(c); and the termination provision
9 contained in the Code, Section 2011(f). ~~The federal taxable estate is to be determined~~
10 ~~using the applicable Code as of the date of the decedent's death, except that: The state~~
11 ~~death tax deduction contained in the Code, Section 2058 must be disregarded. The~~
12 ~~unified credit must be determined under the Code, Section 2010 as of December 31,~~
13 ~~2000. The termination provision contained in the Code, Section 2210 must be~~
14 ~~disregarded. Notwithstanding any other provision of this Title to the contrary, the tax~~
15 ~~determined by this chapter for estates of decedents dying after December 31, 2009~~
16 ~~must be determined in accordance with the law applicable to decedents dying during~~
17 ~~calendar year 2009; and~~

18 ~~(1) The state death tax deduction contained in the Code, Section 2058 is to be~~
19 ~~disregarded;~~

20 ~~(2) The unified credit is to be determined under the Code, Section 2010 as of~~
21 ~~December 31, 2000;~~

22 ~~(3) For the estates of decedents dying after December 31, 2004, the federal~~
23 ~~taxable estate must be decreased by an amount equal to the value of Maine~~
24 ~~qualified terminable interest property in the estate of the decedent; and~~

25 ~~(4) For the estates of decedents dying after December 31, 2004, the federal~~
26 ~~taxable estate must be increased by an amount equal to the value of Maine~~
27 ~~elective property in respect of the decedent; and~~

28 **Sec. E-2. 36 MRSA §4062, sub-§1-B** is enacted to read:

29 **1-B. Federal taxable estate.** "Federal taxable estate" means the taxable estate as
30 determined using the applicable Code as of the date of the decedent's death except as
31 provided in subsection 1-A and:

32 A. The state death tax deduction contained in the Code, Section 2058 must be
33 disregarded;

34 B. For estates of decedents dying after December 31, 2004, the federal taxable estate
35 must be decreased by an amount equal to the value of Maine qualified terminable
36 interest property in the estate of the decedent; and

37 C. For estates of decedents dying after December 31, 2004, the federal taxable estate
38 must be increased by an amount equal to the value of Maine elective property in
39 respect of the decedent.

1 **Sec. E-3. 36 MRSA §4062, sub-§2**, as amended by PL 2007, c. 693, §24, is
2 further amended to read:

3 **2. Federal gross estate.** "Federal gross estate" means the gross estate of a decedent
4 as determined by the assessor in accordance with the Code, except that, notwithstanding
5 the Code, Section 2035, the value of the gross estate includes the value of all taxable gifts
6 as defined under the Code, Section 2503(a), made by the decedent during the 3-year
7 period ending on the date of the decedent's death, but does not include the value of
8 taxable gifts made prior to January 1, 2008.

9 **Sec. E-4. 36 MRSA §4062, sub-§2-A**, as amended by PL 2005, c. 622, §15, is
10 further amended to read:

11 **2-A. Maine elective property.** "Maine elective property" means all property in
12 which the decedent at the time of death had a qualified income interest for life and with
13 respect to which, for purposes of determining the tax imposed by this chapter on the
14 estate of a predeceased spouse of the decedent, the federal taxable estate of that
15 predeceased spouse was decreased pursuant to subsection ~~1-A~~ 1-B, paragraph ~~A~~,
16 ~~subparagraph (3)~~ B. The value of Maine elective property is the value determined by the
17 assessor in accordance with the Code as if such property were includible in the decedent's
18 federal gross estate pursuant to the Code, Section 2044 and, in the case of estates that do
19 not incur a federal estate tax, as if the estate had incurred a federal estate tax.

20 **Sec. E-5. 36 MRSA §4071, sub-§1-A**, as enacted by PL 2007, c. 693, §29, is
21 amended to read:

22 **1-A. State determination of certain estates.** For deaths occurring on or after July
23 1, 2008 but before ~~January 1, 2010~~ July 1, 2009, the State Tax Assessor is not bound by a
24 final federal determination under subsection 1 if the assessor determines the issue for
25 purposes of tax under this chapter within 2 years of the date the return was filed or the
26 date the return is due, whichever is later.

27 For deaths occurring on or after July 1, 2009, the State Tax Assessor is not bound by a
28 final federal determination under subsection 1 if the assessor determines the issue for
29 purposes of tax under this chapter.

30 **Sec. E-6. Application.** Those sections of this Part that amend the Maine Revised
31 Statutes, Title 36, section 4062, subsection 1-A and section 4062, subsection 2 and
32 subsection 2-A and that enact section 4062, subsection 1-B apply to deaths occurring on
33 or after January 1, 2009. That section of this Part that amends section 4071, subsection
34 1-A applies to estates of decedents dying on or after July 1, 2009.

35

Fiscal Note				
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$2,260,959	\$39,486,749	\$48,888,212	\$57,886,141

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SUMMARY
PART E

This Part does the following.

1. It makes an adjustment to ensure that the Maine estate tax under current law will continue to be imposed for deaths occurring after calendar year 2009 with the intent of maintaining the State's estate tax revenues at current levels.
2. It amends the law to provide that the State Tax Assessor is not bound by a final federal determination if the assessor determines an issue for purposes of the estate.
3. It also amends the definition of "federal gross estate" to include gifts made by a decedent 3 years prior to death, but not include gifts made prior to January 1, 2008. Transfers made as part of a bona fide sale for full and adequate consideration are not included in the definition.

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PART H

Sec. H-1. 36 MRSA §4403, sub-§1, as amended by PL 2005, c. 627, §8, is repealed and the following enacted in its place:

1. Smokeless tobacco. A tax is imposed on smokeless tobacco, including chewing tobacco and snuff, at the rate of:

A. On amounts of smokeless tobacco packaged for sale to the consumer in a package that contains one ounce or more of smokeless tobacco, \$2.02 per ounce and prorated:
and

B. On smokeless tobacco packaged for sale to the consumer in a package that contains less than one ounce of smokeless tobacco, \$2.02 per package.

Sec. H-2. 36 MRSA §4404, first ¶, as amended by PL 2007, c. 438, §101, is further amended to read:

Every distributor subject to the licensing requirement of section 4402 shall file, on or before the last day of each month, a return on a form prescribed and furnished by the State Tax Assessor together with payment of the tax due under this chapter. The return must ~~state the quantity and the wholesale sales price of~~ report all tobacco products held, purchased, manufactured, brought in or caused to be brought in from outside the State or shipped or transported to retailers within the State during the preceding calendar month. Every distributor shall keep a complete and accurate record at its principal place of business to substantiate all receipts and sales of tobacco products.

Sec. H-3. Application. That section of this Part that amends the Maine Revised Statutes, Title 36, section 4403, subsection 1 applies to purchases made on or after July 1, 2009.

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$1,529,102	\$1,544,394	\$1,559,465	\$1,575,060
Other Special Revenue	\$3,357	\$3,390	\$3,796	\$3,834

SUMMARY

PART H

This Part converts the excise tax on smokeless tobacco products from a tax equaling 78% of the wholesale price to a tax based on weight at the rate of \$2.02 per ounce, but no less than \$2.02. The change is effective for purchases made on or after July 1, 2009.

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PART N

Sec. N-1. 36 MRSA §5219-R, sub-§2, as enacted by PL 2005, c. 519, Pt. H, §1, is amended to read:

2. Credit refundable in certain cases. Notwithstanding subsection 1, a taxpayer that is a national historic landmark developer is allowed a refundable credit in an amount equal to the credit determined by the taxpayer under Section 47 of the Code for the taxable year. The refundable credit allowed by this subsection is in lieu of the credit that is allowed to the taxpayer by subsection 1 or that would otherwise be passed through to its partners or shareholders, if any. The credit is allowed only for tax years that begin on or after January 1, ~~2006~~ 2009 but before January 1, ~~2010~~ 2013. The credit may not exceed \$500,000 per year, and unused credit amounts may be carried forward only through the ~~2009~~ 2012 tax year. In the event that more than one national historic landmark developer qualifies for the refundable credit allowed by this subsection, the maximum annual credit amount and credit carry-forward limitations established by this subsection apply to all such developers collectively, and if necessary the State Tax Assessor shall prorate the credits between those developers based on their respective share of qualified expenses incurred. For the purposes of this subsection, "national historic landmark developer" means a person that owns 2 or more structures located in the Kennebec Arsenal District National Historic Landmark.

Sec. N-2. Retroactivity. This Part applies retroactively to March 29, 2006.

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$0	(\$477,000)	(\$474,500)	(\$474,500)
Other Special Revenue	\$0	(\$23,000)	(\$25,500)	(\$25,500)

SUMMARY

PART N

This Part delays the tax credit for rehabilitation of historic properties with respect to the Kennebec Arsenal District National Historic Landmark from tax years beginning on or after January 1, 2006 but before January 1, 2010 to tax years that begin on or after January 1, 2009 but before January 1, 2013. Unused credit amounts in any one tax year may be carried forward only through tax year 2012.

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PART O

Sec. O-1. 36 MRSA §578, sub-§1, as amended by PL 2007, c. 639, §1, is further amended to read:

1. Organized areas. The municipal assessors or chief assessor of a primary assessing area shall adjust the State Tax Assessor's 100% valuation per acre for each forest type of their county by whatever ratio, or percentage of current just value, is applied to other property within the municipality to obtain the assessed values. Forest land in the organized areas, subject to taxation under this subchapter, must be taxed at the property tax rate applicable to other property in the municipality.

The State Tax Assessor shall determine annually the amount of acreage in each municipality that is classified and taxed in accordance with this subchapter. Each municipality is entitled to annual payments distributed in accordance with this section from money appropriated by the Legislature, to the extent so appropriated, if it submits an annual return in accordance with section 383 and if it achieves the minimum assessment ratio established in section 327. The State Tax Assessor shall pay any municipal claim found to be in satisfactory form by August 1st of the year following the submission of the annual return. The municipal reimbursement ~~appropriation~~ claim is calculated on the basis of 90% of the per acre tax revenue lost as a result of this subchapter. Municipal reimbursement under this section is further limited to the amount appropriated by the Legislature and distributed on a pro rata basis by the State Tax Assessor for all timely filed claims. For purposes of this section, the tax lost is the tax that would have been assessed, but for this subchapter, on the classified forest lands if they were assessed according to the undeveloped acreage valuations used in the state valuation then in effect, or according to the current local valuation on undeveloped acreage, whichever is less, minus the tax that was actually assessed on the same lands in accordance with this subchapter, and adjusted for the aggregate municipal savings in required educational costs attributable to reduced state valuation. A municipality that fails to achieve the minimum assessment ratio established in section 327 loses 10% of the reimbursement provided by this section for each one percentage point the minimum assessment ratio falls below the ratio established in section 327.

The State Tax Assessor shall adopt rules necessary to implement the provisions of this section. Rules adopted pursuant to this subsection are routine technical rules for the purposes of Title 5, chapter 375, subchapter 2-A.

C. The State Tax Assessor shall distribute reimbursement under this section to each municipality in proportion to the product of the reduced tree growth valuation of the municipality multiplied by the property tax burden of the municipality. For purposes of this paragraph, unless the context otherwise indicates, the following terms have the following meanings.

- (1) "Property tax burden" means the total real and personal property taxes assessed in the most recently completed municipal fiscal year, except the taxes assessed on captured value within a tax increment financing district, divided by the latest state valuation certified to the Secretary of State.

- 1 (2) "Undeveloped land" means rear acreage and unimproved nonwaterfront
- 2 acreage that is not:
- 3 (a) Classified under the laws governing current use valuation set forth in
- 4 chapter 105, subchapter 2-A, 10 or 10-A;
- 5 (b) A base lot; or
- 6 (c) Waste land.
- 7 (3) "Average value of undeveloped land" means the per acre undeveloped land
- 8 valuations used in the state valuation then in effect, or according to the current
- 9 local valuation on undeveloped land as determined for state valuation purposes,
- 10 whichever is less.
- 11 (4) "Reduced tree growth valuation" means the difference between the average
- 12 value of undeveloped land and the average value of tree growth land times the
- 13 total number of acres classified as forest land under this subchapter.

14 **Sec. O-2. Application.** This Part applies to property tax years beginning on or
15 after April 1, 2008.

16 **SUMMARY**

17 **PART O**

18 This Part limits reimbursements to municipalities under the Maine Tree Growth Tax
19 Law to the amount appropriated by the Legislature and distributed on a pro rata basis.

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PART P

Sec. P-1. 36 MRSA §457, sub-§2, as amended by PL 2007, c. 693, §12, is further amended to read:

2. Tax imposed. A state tax is imposed on telecommunications personal property at the rate provided in this subsection times the just value of the property. Just value and ownership of the property must be determined as of the April 1st preceding the assessment. The rate of tax is:

- A. For assessments made in 2004, 26 mills;
- B. For assessments made in 2005, 25 mills;
- C. For assessments made in 2006, 24 mills;
- D. For assessments made in 2007, 23 mills;
- E. For assessments made in 2008, 22 mills;
- F. For assessments made in 2009, 21 mills; ~~and~~
- G. For assessments made in 2010 ~~and subsequent years, 20~~ 22 mills.;
- H. For assessments made in 2011, 22 mills;
- I. For assessments made in 2012, 21 mills; and
- J. For assessments made in 2013 and subsequent years, 20 mills.

Sec. P-2. Application. This Part applies to assessments made on or after April 1, 2010.

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$1,545,181	\$1,524,181	\$762,590	\$0

SUMMARY

PART P

This Part increases the rate of tax to be imposed on telecommunications personal property for fiscal years 2009-10 to 2011-12.

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PART S

Sec. S-1. 30-A MRSA §5681, sub-§5, as amended by PL 2007, c. 240, Pt. S, §§1 and 2, is further amended to read:

5. Transfers to funds. On the last day of each month, the Treasurer of State shall transfer to the Local Government Fund a percentage, as provided in this subsection, of the receipts from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F, and credited to the General Fund without any reduction, except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. Any amounts transferred to the Local Government Fund in excess of the annual growth ceiling must be transferred to the Disproportionate Tax Burden Fund. Notwithstanding this subsection, for fiscal years 2009-10 and 2010-11, any amounts transferred to the Local Government Fund in excess of the annual growth ceiling reduced by \$16,000,000 must be transferred to the Disproportionate Tax Burden Fund. The percentage transferred to the Local Government Fund on the last day of each month is:

- A. For months beginning before July 1, 2009, 5.1%; ~~and~~
- B. For months beginning on or after July 1, 2009 and before July 1, 2011, 5.2%.
4.6%; and
- C. For months beginning on or after July 1, 2011, 5.1%.

Sec. S-2. Application. That section of this Act that amends the Maine Revised Statutes, Title 30-A, section 5681, subsection 5 applies to transfers beginning on or after July 1, 2009.

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$15,887,152	\$16,432,557	\$2,797,512	\$2,888,298
Other Special Revenue	(\$15,887,152)	(\$16,432,557)	(\$2,797,512)	(\$2,888,298)

SUMMARY

PART S

This Part amends the laws governing state-municipal revenue sharing to reduce funding to the Local Government Fund, Revenue Sharing I, by reducing the percentage of revenues transferred from taxes from 5.2% to 4.6% for fiscal years 2009-10 and 2010-11. This Part also reduces the transfer point to the Disproportionate Tax Burden Fund by \$16,000,000 for each of those years.

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PART U

Sec. U-1. 36 MRSA §6652, sub-§1, as repealed and replaced by PL 2007, c. 438, §114, is amended to read:

1. Generally. A person against whom taxes have been assessed pursuant to Part 2, except for chapters 111 and 112, with respect to eligible property and who has paid those taxes is entitled to reimbursement of a portion of those taxes from the State as provided in this chapter. The reimbursement under this chapter is the percentage of the taxes assessed and paid with respect to eligible property specified in subsection 4, except that for claims filed for ~~the application period~~ periods that begins begin on August 1, 2006, August 1, 2009 and August 1, 2010 the reimbursement is limited to 90% of the taxes assessed and paid with respect to eligible property. For purposes of this chapter, a tax applied as a credit against a tax assessed pursuant to chapter 111 or 112 is a tax assessed pursuant to chapter 111 or 112. A taxpayer that included eligible property in its investment credit base under section 5219-E or 5219-M and claimed the credit provided in one or more of those sections on its income tax return may not be reimbursed under this chapter for taxes assessed on that same eligible property in a year in which one or more of those credits are taken. A successor in interest of a person against whom taxes have been assessed with respect to eligible property is entitled to reimbursement pursuant to this section, whether the tax was paid by the person assessed or by the successor, as long as a transfer of the property in question to the successor has occurred and the successor is the owner of the property as of August 1st of the year in which a claim for reimbursement may be filed pursuant to section 6654. For purposes of this subsection, "successor in interest" includes the initial successor and any subsequent successor. When an eligible successor in interest exists, the successor is the only person to whom reimbursement under this chapter may be made with respect to the transferred property. For an item of eligible property that is first subject to assessment under Part 2 on or after April 1, 2008, and for any item of eligible property for which reimbursement is paid under subsection 4, paragraph B, the reimbursement otherwise payable under this section with respect to that item of eligible property must be reduced by an amount equal to the amount, if any, by which the reimbursement otherwise payable under this section plus payments received by the taxpayer under a tax increment financing arrangement pursuant to Title 30-A, chapter 206, subchapter 1 with respect to that item of eligible property exceeds 100% of the property taxes assessed with respect to that item of eligible property.

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$6,263,343	\$5,728,573	\$0	\$0
Other Special Revenue	\$302,006	\$276,221	\$0	\$0

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SUMMARY

PART U

This Part limits the allowable benefit under the Business Equipment Tax Reimbursement, or "BETR," program to 90% of eligible property taxes paid for application periods beginning August 1, 2009 and August 1, 2010.

1 **PART W**

2 **Sec. W-1. 36 MRSA §5228, sub-§1, ¶D** is enacted to read:

3 D. "Unusual event" means, with respect to that portion of the tax year applicable to
4 the required installment, receipt by an individual taxpayer of taxable income that is
5 not subject to Maine income tax withholding when the amount exceeds the taxable
6 income not subject to Maine income tax withholding received by the taxpayer during
7 the same period of the previous tax year by at least \$500,000.

8 **Sec. W-2. 36 MRSA §5228, sub-§2**, as amended by PL 2007, c. 438, §106, is
9 repealed.

10 **Sec. W-3. 36 MRSA §5228, sub-§2-A** is enacted to read:

11 **2-A. Requirement to pay estimated tax.** Every person subject to taxation under
12 this Part shall make payment of estimated tax as required by this Part. The requirement
13 to make estimated tax payments is waived if:

14 A. The person's tax liability pursuant to this Part, exclusive of a withholder's liability
15 for taxes withheld, reduced by allowable credits for the taxable year, is less than
16 \$1,000 for the taxable year; or

17 B. The person had less than \$1,000 tax liability under this Part for the preceding
18 taxable year. This paragraph does not apply with respect to an unusual event.

19 **Sec. W-4. 36 MRSA §5228, sub-§3**, as amended by PL 2007, c. 438, §§107 and
20 108, is further amended to read:

21 **3. Amount of estimated tax to be paid.** Every person required to make payment of
22 estimated tax is liable for an estimated tax that is no less than the smaller of the
23 following; large corporations as defined in the Code, Section 6655(g), are subject only to
24 paragraph B, except as provided in subsection 5, paragraph C, and individual taxpayers
25 encountering an unusual event are subject only to paragraph B with respect to the unusual
26 event, except as provided in subsection 5, paragraph D:

27 A. An amount equal to the person's tax liability under this Part for the preceding
28 taxable year, if that preceding year was a taxable year of 12 months; or

29 B. An amount equal to 90% of the person's tax liability under this Part for the current
30 taxable year determined without taking into account the current year's investment tax
31 credit set forth in section 5219-E, except that for farmers and persons who fish
32 commercially, this amount is 66 2/3% of the person's tax liability under this Part for
33 the current taxable year.

34 **Sec. W-5. 36 MRSA §5228, sub-§5, ¶B**, as amended by PL 1991, c. 9, Pt. DD,
35 §2 and affected by §4, is further amended to read:

36 B. The taxpayer is a farmer or fisherman in which case a single installment is
37 required; ~~or~~

1 **Sec. W-6. 36 MRSA §5228, sub-§5, ¶C**, as amended by PL 1999, c. 414, §51, is
2 further amended to read:

3 C. If the taxpayer is a large corporation as defined in the Code, Section 6655(g),
4 then the corporation may elect to determine its first required installment for any
5 taxable year pursuant to subsection 3, paragraph A. If the corporation so elects, its
6 2nd required installment for the taxable year must equal the total amount of estimated
7 tax for the first 2 installments for the taxable year pursuant to subsection 3, paragraph
8 B, less the amount of the first installment for the taxable year allowed pursuant to
9 subsection 3, paragraph A; or

10 **Sec. W-7. 36 MRSA §5228, sub-§5, ¶D** is enacted to read:

11 D. The taxpayer encounters an unusual event. For purposes of the installment due
12 with respect to that portion of the tax year during which an unusual event occurs, the
13 taxpayer must make an estimated tax payment pursuant to subsection 3, paragraph B
14 equal to the amount of estimated tax with respect to the taxable income that results in
15 the unusual event, plus the amount of estimated tax required by this section to be paid
16 with respect to the installment on taxable income exclusive of that resulting in the
17 unusual event.

18 **Sec. W-8. Application.** This Part applies to tax years beginning on or after
19 January 1, 2009.

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Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$206,255	\$214,505	\$221,916	\$230,793
Other Special Revenue	\$9,945	\$10,343	\$11,926	\$12,403

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SUMMARY

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PART W

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24 This Part disallows the use of the election to pay estimated tax based on the prior
25 year's tax liability with regard to unusual event income, which is defined as the receipt of
26 at least \$500,000 income over the prior tax year's income. The change applies to tax years
beginning on or after January 1, 2009.

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PART LL

Sec. LL-1. 36 MRSA §6207, sub-§1, ¶A-1, as amended by PL 2005, c. 2, Pt. E, §4 and affected by §§7 and 8, is further amended to read:

A-1. Fifty percent of that portion of the benefit base that exceeds 4% but does not exceed 8% of income plus 100% of that portion of the benefit base that exceeds 8% of income to a maximum payment of \$2,000; and

Sec. LL-2. 36 MRSA §6207, sub-§1, ¶B is enacted to read:

B. For application periods beginning on August 1, 2009 and on August 1, 2010, the benefit is limited to 90% of the amount determined under paragraph A-1.

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$3,756,900	\$3,668,142	\$0	\$0
Other Special Revenue	\$181,150	\$176,871	\$0	\$0

SUMMARY

PART LL

This Part limits the allowable benefit under the Maine Residents Property Tax Program for all nonelderly households to 90% of the amount to which those households would otherwise be eligible for application periods beginning on August 1, 2009 and on August 1, 2010.

1 **PART NN**

2 **Sec. NN-1. 36 MRSA §5211, sub-§14**, as enacted by P&SL 1969, c. 154, §F, is
3 amended to read:

4 **14. Sales factor formula.** The sales factor is a fraction, the numerator of which is
5 the total sales of the taxpayer in this State during the tax period, and the denominator of
6 which is the total sales of the taxpayer everywhere during the tax period. The formula
7 must exclude from both the numerator and the denominator sales of tangible personal
8 property delivered or shipped to a purchaser that is not a taxpayer taxable in another state.

9 **Sec. NN-2. 36 MRSA §5211, sub-§15, ¶B**, as enacted by P&SL 1969, c. 154,
10 §F, is amended to read:

11 B. The property is shipped from an office, store, warehouse, factory or other place of
12 storage in this State and the purchaser is the United States Government ~~or the~~
13 ~~taxpayer is not taxable in the state of the purchaser.~~

14 **Sec. NN-3. 36 MRSA §5211, sub-§16-A, ¶A**, as enacted by PL 2007, c. 240, Pt.
15 V, §9 and affected by §15, is amended to read:

16 A. Except as otherwise provided by this subsection, receipts from the performance of
17 services must be attributed to the state where the services are received. If the state
18 where the services are received is not readily determinable, the services are deemed
19 to be received at the home of the customer or, in the case of a business, the office of
20 the customer from which the services were ordered in the regular course of the
21 customer's trade or business. If the ordering location cannot be determined, the
22 services are deemed to be received at the home or office of the customer to which the
23 services are billed. In instances in which the purchaser of the service is the Federal
24 Government ~~or the receipts are otherwise attributable to a state in which the taxpayer~~
25 ~~is not taxable~~, the receipts are attributable to this State if a greater proportion of the
26 income-producing activity is performed in this State than in any other state based on
27 costs of performance.

28 **Sec. NN-4. 36 MRSA §5211, sub-§16-A, ¶B**, as enacted by PL 2007, c. 240, Pt.
29 V, §9 and affected by §15, is amended to read:

30 B. Gross receipts from the license, sale or other disposition of patents, copyrights,
31 trademarks or similar items of intangible personal property must be attributed to this
32 State if the intangible property is used in this State by the licensee ~~or if the taxpayer's~~
33 ~~commercial domicile is in this State and the taxpayer is not taxable in the state in~~
34 ~~which the property is used by the licensee.~~ If the intangible personal property is used
35 by the licensee in more than one state, the income must be apportioned to this State
36 according to the portion of use in this State. In instances in which the purchaser or
37 licensee of the intangible personal property is the Federal Government ~~or the receipts~~
38 ~~are otherwise attributable to a state in which the taxpayer is not taxable~~, the receipts
39 are attributable to this State if a greater proportion of the income-producing activity is
40 performed in this State than in any other state based on costs of performance.

1 **Sec. NN-5. Application.** This Part applies to tax years beginning on or after
2 January 1, 2009.

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	Fiscal Note			
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$2,623,500	\$2,396,925	\$2,424,932	\$2,473,431
Other Special Revenue	\$126,500	\$115,575	\$130,318	\$132,924

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SUMMARY

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PART NN

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This Part removes from the apportionment of income calculation the sales of tangible personal property by businesses operating in more than one state if the sales are delivered to a state where the taxpayer is not taxable. Sales other than those of tangible personal property are also removed from Maine sales in the apportionment calculation if the sales are delivered from Maine to a state where the taxpayer is not taxable.

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PART VV

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Sec. VV-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 9, 2009.

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SUMMARY

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PART VV

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This Part continues authorization for each individual tax expenditure as provided for by statute.

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