

Biennial Budget 2014-2015 - Joint Standing Committee on Taxation Summary of Initiatives in Governor's Change Package				
Item	Page	Summary of Initiative	FY 14 GF cost (savings)	FY 15 GF cost (savings)
1	5	Homestead Property Tax Exemption 0887 - Mandate Reimbursement Provides funding for municipal reimbursement of administrative cost related to updating tax records for the homestead exemption program. (Part M)		\$ 170,000
2	8	Mandate BETE - Reimburse Municipalities Z065. Provides funding for municipal reimbursement of administrative cost related to processing additional claims for Business Equipment Tax Exemption from municipalities (Part K)		\$ 750
3	9	Revenue Services, Bureau of 0002 Provides funding for municipal reimbursement of administrative cost related to Homestead (Part M)		\$ 170,000
4	9	Revenue Services, Bureau of 0002 Provides funding for municipal reimbursement of administrative cost related to BETE (Part K)		\$ 750
5	10	Revenue Services, Bureau of 0002 One-time reduction for Data Warehouse Collection initiative -	\$ (500,000)	\$ (1,300,000)
6	10	Revenue Services, Bureau of 0002 Overtime cost for enhanced revenue discovery and collection.		\$ 200,000

Part	Summary of CHANGE PACKAGE Language	GF Revenue FY13	GF Revenue FY14	GF Revenue FY15
K	<p>This amends Part K. As originally proposed Part K would sunset the Business Equipment Tax Reimbursement (BETR) program with respect to property taxes paid after 2012. This amendment sunsets the BETR program with respect to property taxes paid after 2013. The amendment delays payment of reimbursements related to property taxes paid during calendar year 2013 until after June 30, 2015. One third of the reimbursement must be paid in each state fiscal year 2015-16, 2016-17 and 2017-18. The amendment also limits the BETR benefit with respect to property taxes assessed on April 1, 2013 to those property taxes due in 2013.</p>	\$ -	\$ -	\$ -
L	<p>This amends sections of Part L. Section L-1 is amended to clarify that an individual does not qualify for a senior benefit under the Circuitbreaker program unless the claimant or the claimant's spouse attained the age of 65 during the year for which relief is requested. The change provides consistency with the provisions of Section L-10. New Section L-11 provides an application date for Part L that was unintentionally omitted from the original submission.</p>	\$ -	\$ -	\$ -
N	<p>This amends Part N. 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.</p>	\$ -	\$ -	\$ -

Part	Summary of CHANGE PACKAGE Language	GF Revenue FY13	GF Revenue FY14	GF Revenue FY15
O	<p>This amends Part O.</p> <p>1. Adds back “obsolescence” as a qualifying cause of sudden and severe disruption in municipal valuation, but limits it to “functional or economic obsolescence not due to short term market volatility.”</p> <p>2. Adds provision for BETE equipment between April 1, 2013 and April 1, 2014 that as of April 1, 2013 had been taxable property that qualified for reimbursement under BETR.</p> <p>3. Requires a professional appraisal with the appraise meeting specified requirements; clarifies information that must be in the appraisal report; allows MRS to obtain the 3 years of previous assessing records for the property to verify the application.</p> <p>4. Provides a denial for adjustment is "final agency action" subject to review in Superior Court, and MRS will provide a copy of the denial letter to Taxation Committee.</p> <p>5. Requires municipalities that receives the “enhanced BETE” reimbursement rate to provide a “professional appraisal report” for the exempt business equipment of all taxpayers whose equalized municipal valuation makes up at least 2% of the overall equalized valuation of the municipality. It clarifies information that must be in the report, and that the report must be prepared by a qualified professional appraiser meeting the specified requirements. This amendment implements the new requirements on and after April 1, 2014 in order to allow the affected municipalities to engage the necessary professional and otherwise prepare their assessment to meet the mandates.</p>	\$ -	\$ -	\$ -

Part	Summary of CHANGE PACKAGE Language	GF Revenue FY13	GF Revenue FY14	GF Revenue FY15
FFFF	New - This Part requires the State Controller to transfer \$250,000 from the Bureau of Revenue Services Fund program, Internal Service Fund in the Department of Administrative and Financial Services to the General Fund unappropriated surplus in fiscal year 2014-15.	\$ -	\$ -	\$ 250,000
GGGG	New - This Part requires the State Controller to transfer \$100,000 from the Elderly Tax Deferral Program, Other Special Revenue Funds account to the General Fund unappropriated surplus no later than June 30, 2015.	\$ -	\$ -	\$ 100,000
HHHH	New - This Part requires the State Controller to transfer \$200,000 from the Bureau of Revenue Services Fund program, Internal Service Fund account in the Department of Administrative and Financial Services to the General Fund unappropriated surplus in fiscal year 2012-13	\$ 200,000	\$ -	\$ -
III	New - This Part requires the State Controller to transfer \$185,000 from the Elderly Tax Deferral Program, Other Special Revenue Funds account to the General Fund unappropriated surplus on June 30, 2013.	\$ 185,000	\$ -	\$ -
PPPP	New - This Part requires the State Controller to transfer \$1,200,000 from the Revenue Services – Bureau of program, Other Special Revenue Funds account to the General Fund unappropriated surplus on June 30, 2013, \$500,000 no later than June 30, 2014 and \$1,300,000 no later than June 30, 2015.	\$ 1,200,000	\$ 500,000	\$ 1,300,000

Part	Summary of CHANGE PACKAGE Language	GF Revenue FY13	GF Revenue FY14	GF Revenue FY15
VVVV	New - This Part repeals the provision that “sunsets” the sales tax exemption for aircraft and aircraft parts. This Part also enacts threshold language that establishes consistency among various use tax exemptions and provides that in most circumstances Maine use tax does not apply to tangible personal property brought into Maine by either a resident or a nonresident, when that property is not present in the State for more than 30 days during the 12 months following its purchase, exclusive of days that the property is located in Maine for storage, repair, alteration, refitting, reconstruction, overhaul or restoration. This Part also expands exemption for certain purchases of watercraft by nonresidents to remove use tax for less than 15 days use in some circumstances being taxed higher effective rate than 30 days or more of such use.	\$ -	\$ -	\$ -
WWWW	New - This Part amends Maine law to clarify that when tangible personal property is purchased for resale and then rented to consumers on an interim basis, use tax is incurred when the owner depreciates the property for federal income tax purposes or claims an expense for the property under section 179 of the Internal Revenue Code, consistent with the longstanding administrative position of the Bureau of Revenue Services.	\$ -	\$ -	\$ -

Part	Summary of CHANGE PACKAGE Language	GF Revenue FY13	GF Revenue FY14	GF Revenue FY15
GGGGG	<p>New - Alternative to conformity bill LD 989</p> <p>GGGGG-1 updates references to the United States Internal Revenue Code in the Maine Revised Statutes, Title 36 so that they refer to the IRS Code of 1986 as amended through January 2, 2013 for tax years beginning on or after January 1, 2013 and for any prior tax years as specifically provided by the Code of 1986. The bill primarily affects the State's income tax laws.</p> <p>GGGGG-2, GGGGG-4 enact new addition and subtraction modifications for individual income taxes to decouple from the federal bonus depreciation deductions for taxable years beginning in 2013.</p> <p>GGGGG-3 amends the addition modification for qualified tuition and related expenses so as to conform to the Internal Revenue Code for taxable years beginning in 2013 and later.</p> <p>GGGGG-5 amends the allowable standard deduction to <u>not</u> conform with the larger federal married joint standard deduction permanently enacted as part of the American Taxpayer Relief Act 2012 (ATRA) for income tax years beginning in January 1, 2013.</p> <p>GGGGG-6 partially conforms to the allowable itemized deductions enacted as part of ATRA</p> <p>GGGGG-7 enacts a limitation on the itemized deductions for income tax years beginning on or after January 1, 2013.</p>		\$1,731,200	\$(2,551,011)