Public Law

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Chapter 627

S.P. 823 - L.D. 2154

An Act Concerning Technical Changes to the Tax Laws

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 30-A MRSA §5250-I, sub-§12, as enacted by PL 2003, c. 688, Pt. D, §2, is repealed.

Sec. 2. 30-A MRSA §5250-I, sub-§15, as enacted by PL 2003, c. 688, Pt. D, §2, is repealed.

Sec. 3. 36 MRSA §111, sub-§6, as enacted by PL 1979, c. 378, §2, is repealed.

Sec. 4. 36 MRSA §141, sub-§2, ¶D, as amended by PL 1981, c. 364, §8, is repealed.

Sec. 5. 36 MRSA §145 is enacted to read:

§ 145. Declaration of jeopardy

If the State Tax Assessor determines that the collection of any tax will be jeopardized by delay, the assessor, upon giving notice of this determination to the person liable for the tax, may demand an immediate return with respect to any period or immediate payment of any tax declared to be in jeopardy, or both, and may terminate the current reporting period and demand an immediate return and payment with respect to that period. Notwithstanding any other provision of law, taxes declared to be in jeopardy are payable immediately, and the assessor may proceed immediately to collect those taxes by any collection method authorized by this Title. The person liable for the tax may stay collection by requesting reconsideration of the declaration of jeopardy in accordance with section 151 and depositing with the assessor, within the time period specified in section 151, a bond or other security in the amount of the liability with respect to which the stay of collection is sought. A determination of jeopardy by the assessor is presumed to be correct, and the burden of showing otherwise is on the taxpayer.

Sec. 6. 36 MRSA §187-B, sub-§1, ¶C, as amended by PL 1999, c. 521, Pt. A, §2, is further amended to read:

C. If the return is not filed and the assessor ~~issues a~~makes a determination of jeopardy ~~assessment~~ pursuant to section ~~141, subsection 2, paragraph D~~145, the penalty is 100% of the tax due.

Sec. 7. 36 MRSA §187-B, sub-§3-A, as enacted by PL 1991, c. 873, §6 and affected by §9, is amended to read:

3-A. Negligence; fraud. ~~Any~~A person who files a return under this Title that results in an underpayment of tax, any portion of which is attributable to negligence or intentional disregard of this Title or rules ~~issued~~adopted pursuant to this Title, but is not attributable to fraud with intent to evade the tax, is liable for a penalty in the amount of $25 or 25% of that portion of the underpayment, whichever is greater. ~~Any~~A person who files a return under this Title that results in an underpayment of tax, any portion of which is attributable to fraud with intent to evade the tax, is liable for a penalty in the amount of $75 or 75% of that portion of the underpayment, whichever is greater. For the purposes of this section, ~~the term~~ "negligence" means any failure to make a reasonable attempt to comply with the provisions of this Title.

~~This subsection takes effect July 1, 1993.~~

Sec. 8. 36 MRSA §187-B, sub-§4-A, as enacted by PL 1991, c. 873, §7 and affected by §9, is amended to read:

4-A. Substantial understatement. ~~Any~~A person who files a return under this Title that results in an underpayment of tax, any portion of which is attributable to a substantial understatement of tax, without negligence or intentional disregard of this Title or rules ~~or regulations issued under~~adopted pursuant to this Title and without fraud with intent to evade the tax, is liable for a penalty of $5 or 1% of that portion of the underpayment, whichever is greater, for each month or fraction of a month during which the failure to pay that portion of the underpayment continues, up to a maximum in the aggregate of $25 or 25% of the underpayment, whichever is greater.

There is a substantial understatement of tax if the amount of the understatement on the return or returns for the period covered by the assessment exceeds 10% of the total tax required to be shown on the return or returns for that period or $1,000, whichever is greater. For purposes of ~~calculating~~determining whether an understatement is substantial and calculating the amount of ~~any~~a substantial understatement that is subject to penalty under this subsection, the amount of ~~any~~an understatement is reduced by that portion of the understatement that is attributable to the tax treatment of any item by the taxpayer if there is or was substantial authority for ~~such~~that treatment.

~~This subsection takes effect July 1, 1993.~~

Sec. 9. 36 MRSA §306, as amended by PL 2007, c. 438, §11, is further amended to read:

§ 306. Definitions

For the purpose of this chapter, the following terms ~~shall~~ have the following meanings.

1. Chief assessor. "Chief assessor" ~~shall mean that~~means the person who is primarily responsible for the assessing function in a primary assessing unit or primary assessing district, designated as such by the ~~director~~State Tax Assessor.

2. Hours of classroom training. "Hours of classroom training" ~~shall mean clock-hours~~means clock hours, not credit hours.

3. Municipal assessing unit. "Municipal assessing unit" means a municipality that has chosen not to be designated by the State Tax Assessor as a primary assessing area~~, either single unit or district member~~.

4. Primary assessing area. "Primary assessing area" ~~shall mean that area of the State designated by the director as~~means the basic geographic division of the ~~state's~~State's territory for the purpose of property tax assessment and administration. ~~Said~~A primary assessing area may be either a~~:~~primary assessing unit or a primary assessing district.

A. ~~"Primary assessing unit," a single municipality designated by the director as a primary assessing area;~~

B. ~~"Primary assessing district," a multi-municipal area of the State designated by the director as a multi-municipal assessing area.~~

4-A. Primary assessing district. "Primary assessing district" means a multimunicipal area of the State that has been designated by the State Tax Assessor as a primary assessing area.

4-B. Primary assessing unit. "Primary assessing unit" means a single municipality that has been designated by the State Tax Assessor as a primary assessing area.

5. Professional assessor. "Professional assessor" ~~shall mean any~~means a person who is employed full time by one or more municipalities or by a primary assessing area ~~and devoting~~, 75% or more of ~~his or her~~whose time is devoted to assessment administration.

6. State supervisory agency. ~~"State supervisory agency" shall mean the Bureau of Revenue Services.~~

Sec. 10. 36 MRSA §314, as amended by PL 1987, c. 737, Pt. C, §§77 and 106; PL 1989, c. 6; c. 9, §2; and c. 104, Pt. C, §§8 and 10, is further amended to read:

§ 314. Removal

~~Chief assessors~~The chief assessor holds office for an indefinite term unless otherwise specified by contract. A chief assessor may be removed from office as follows:

1. Probationary period. ~~Any~~A chief assessor serving a probationary ~~term~~period may be removed by the executive committee upon 30 days' written notice stating the reason ~~therefor~~for the removal.

2. Tenure. A chief assessor ~~having~~who has tenure may be removed for cause by the executive committee ~~on~~in the ~~form and~~ manner provided for the removal of town managers in Title 30-A, section 2633. ~~The chief tax assessor shall hold office for an indefinite term unless otherwise specified by contract.~~

3. Certification revoked. A chief assessor whose certification is revoked by the State Tax Assessor ~~shall~~must be ~~immediately~~ removed from office immediately.

Sec. 11. 36 MRSA §329, as amended by PL 1997, c. 526, §14, is further amended to read:

§ 329. Inability to achieve standards

~~Upon an initial determination by~~If the Bureau of Revenue Services determines that a municipality has not met the minimum standards set forth in this subchapter, the municipality has ~~the following~~ 2 options:

1. Acceptance. ~~Upon such acceptance~~If the municipality accepts the bureau's determination, the bureau shall consult with the officers of the municipality and require steps by which the municipality ~~shall~~is to achieve an ~~equitable~~acceptable level of just assessing practices. ~~Such~~In requiring those steps, the bureau shall endeavor to accommodate the preferences of the municipal officers ~~and~~. The steps may include membership, where applicable, in a primary assessing district, ~~the~~ joining with a companion municipality in the hiring of a ~~part time,~~ professional assessor or an assessing firm or other arrangements approved by the ~~Bureau of Revenue Services~~bureau; and

2. Appeal. ~~The~~If the municipality ~~deeming itself~~is aggrieved by the bureau's determination, the municipality may file a written notice of appeal with the State Board of Property Tax Review in accordance with chapter 101, subchapter ~~II-A~~2-A.

Sec. 12. 36 MRSA §508 is enacted to read:

§ 508. Service charges

1. Imposition. A municipality may impose service charges on the owner of residential property, other than student housing or parsonages, that is totally exempt from taxation under section 652 and that is used to provide rental income. Such service charges must be calculated according to the actual cost of providing municipal services to that real property and to the persons who use that property, and revenues derived from the charges must be used to fund, to the extent possible, the costs of those services. The municipal legislative body shall identify those institutions and organizations upon which service charges are to be levied.

A municipality that imposes service charges on any institution or organization must impose those service charges on every similarly situated institution or organization. For the purposes of this section, "municipal services" means all services provided by a municipality other than education and welfare.

2. Limitation. The total service charges levied by a municipality on any institution or organization under this section may not exceed 2% of the gross annual revenues of the institution or organization. In order to qualify for this limitation, the institution or organization must file with the municipality an audit of the revenues of the institution or organization for the year immediately prior to the year in which the service charge is levied. The municipal officers shall abate the portion of the service charge that exceeds 2% of the gross annual revenues of the institution or organization.

3. Administration. Municipalities shall adopt any ordinances necessary to carry out the provisions of this section. Determinations of service charges may be appealed in accordance with an appeals process provided by municipal ordinance. Unpaid service charges may be collected in the manner provided in Title 38, section 1208.

Sec. 13. 36 MRSA §551, as amended by PL 1975, c. 252, §14, is further amended to read:

§ 551. Real estate; defined

Real estate, for the purposes of taxation under this Part, ~~shall include~~includes all lands in the State and all buildings, mobile homes, camper trailers and other things that are affixed to ~~the same, such as, but not limited to, camp trailers~~land, together with ~~the~~any appurtenant water power, shore privileges and rights, forests and mineral deposits ~~appertaining thereto~~; interests and improvements in land, the fee of which

is in the State; interests by contract or otherwise in real estate exempt from taxation; and lines of electric light and power companies. Buildings, mobile homes, camper trailers and other things that are affixed to ~~the land, on~~ leased land or ~~on~~ land not owned by the owner of the buildings~~, shall be considered~~must be taxed as real estate ~~for purposes of taxation and shall be taxed~~ in the place where ~~said~~that land is located. Mobile homes, except stock in trade, ~~shall be~~are considered real estate for purposes of taxation under this Part.

Sec. 14. 36 MRSA §574-A, as amended by PL 1989, c. 508, §9, is further amended to read:

§ 574-A. Ineligibility

The Legislature finds that when the value of a recreational use lease of forest land exceeds the value of the tree growth ~~which~~that can be extracted from that land on a sustained basis per acre as determined pursuant to section 576, then the land is no longer primarily used for the continuous growth of forest products. This finding is sufficient cause to remove from taxation under this subchapter those parcels that are more valuable ~~in terms of recreation~~for recreational use and are being leased on that basis. Therefore, notwithstanding sections 573 ~~or 574~~and 574-B, ~~this subchapter shall not apply to any~~a parcel of forest land that is leased for consideration to any ~~individual or group of individuals~~person to use for recreational purposes does not qualify for taxation under this subchapter if that parcel of land exceeds 100 acres and if the consideration for that lease per acre exceeds the value of the growth ~~which~~that can be extracted on a sustained basis per acre as determined pursuant to section 576. The owner of the leased parcels shall submit a copy of the lease or leases on land subject to ~~the provisions of~~taxation under this ~~subsections~~subchapter to the State Tax Assessor for land in the unorganized territory and to the municipal assessors for land in ~~organized~~ municipalities. The State Tax Assessor or the municipal assessor shall determine ~~if~~whether the value of the lease exceeds the sustained growth value. If the value of the lease is determined to exceed the sustained growth value, the owner of the forest land ~~shall have~~has 60 days from the date of ~~notification~~receipt of notice of that determination to either terminate the lease, amend the lease to comply with the requirements of this section or withdraw the land covered by the lease from ~~the tree growth~~ taxation under this subchapter. ~~In the case of~~A withdrawal~~, such action shall be~~pursuant to this section is subject to the provisions of section 581 ~~of this subchapter~~.

Sec. 15. 36 MRSA §575, amended by PL 1985, c. 785, Pt. A, §109, is repealed and the following enacted in its place:

§ 575. Administration; rules

The State Tax Assessor may adopt rules necessary to carry out this subchapter. Rules adopted under this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 16. 36 MRSA §581, as amended by PL 2007, c. 425, §1 and repealed and replaced by c. 438, §18, is repealed and the following enacted in its place:

§ 581. Withdrawal

1. Assessor determination; owner request. If the assessor determines that land subject to this subchapter no longer meets the requirements of this subchapter, the assessor must withdraw the land from taxation under this subchapter. Before withdrawing a parcel from taxation under this subchapter, if the sole reason the land does not meet the requirements of this subchapter is that the owner failed to file the sworn statement required under section 574-B, the assessor shall provide the owner with written notice by regular mail of the deadline to file the sworn statement and permit the owner at least 60 days to

respond to that notice. An owner of land subject to taxation under this subchapter may at any time request withdrawal of that land from taxation under this subchapter by certifying in writing to the assessor that the land is no longer to be classified under this subchapter.

2. Withdrawal of portion. In the case of withdrawal of a portion of a parcel, the owner, as a condition of withdrawal, shall file with the assessor a plan showing the area withdrawn and the area remaining subject to taxation under this subchapter. In the case of withdrawal of a portion of a parcel, the resulting portions must be treated after the withdrawal as separate parcels under section 708.

3. Penalty. If land is withdrawn from taxation under this subchapter, the assessor shall impose a penalty upon the owner. The penalty is the greater of:

A. An amount equal to the taxes that would have been assessed on the first day of April for the 5 tax years, or any lesser number of tax years starting with the year in which the land was first classified, preceding the withdrawal had that land been assessed in each of those years at its just value on the date of withdrawal. That amount must be reduced by all taxes paid on that land over the preceding 5 years, or any lesser number of tax years starting with the year in which the land was first classified, and increased by interest at the prevailing municipal rate from the date or dates on which those amounts would have been payable; and

B. An amount computed by multiplying the amount, if any, by which the just value of the land on the date of withdrawal exceeds the 100% valuation of the land pursuant to this subchapter on the preceding April 1st by the following rates.

(1) If the land was subject to valuation under this subchapter for 10 years or less prior to the date of withdrawal, the rate is 30%.

(2) If the land was subject to valuation under this subchapter for more than 10 years prior to the date of withdrawal, the rate is that percentage obtained by subtracting 1% from 30% for each full year beyond 10 years that the land was subject to valuation under this subchapter prior to the date of withdrawal, except that the minimum rate is 20%.

For purposes of this subsection, just value at the time of withdrawal is the assessed just value of comparable property in the municipality adjusted by the municipality's certified assessment ratio.

4. Assessment and collection of penalties. The penalties for withdrawal under this section must be paid upon withdrawal to the tax collector as additional property taxes. Penalties may be assessed and collected as supplemental assessments in accordance with section 713-B.

5. Eminent domain. A penalty may not be assessed under this section for a withdrawal occasioned by a transfer to an entity holding the power of eminent domain if the transfer results from the exercise or threatened exercise of that power.

6. Relief from requirements. Upon withdrawal under this section, the land is relieved of the requirements of this subchapter immediately and is returned to taxation under chapter 105, subchapter 2 beginning the following April 1st.

7. Reclassification as farmland or open space land. A penalty may not be assessed upon the withdrawal of land from taxation under this subchapter if the owner applies for classification of that land as farmland or open space land under subchapter 10 and that application is accepted. If a penalty is later assessed under section 1112, the period of time that the land was taxed as forest land under this subchapter is included for purposes of establishing the amount of the penalty.

8. Report of penalty. A municipality that receives a penalty for the withdrawal of land from taxation under this subchapter must report the total amount received in that reporting year to the State Tax Assessor on the municipal valuation return form described in section 383.

Sec. 17. 36 MRSA §581-B, as enacted by PL 1973, c. 308, §13, is amended to read:

§ 581-B. Reclassification and withdrawal in unorganized territory

~~In the case or reclassification or withdrawal of~~If forest land in the unorganized territory is reclassified or withdrawn from taxation under this subchapter, the State Tax Assessor shall make ~~such~~ supplementary assessments or abatements as ~~may be~~ necessary to carry out the provisions of this subchapter.

Sec. 18. 36 MRSA §603, sub-§2, as amended by PL 1973, c. 592, §§8 to 10, is repealed.

Sec. 19. 36 MRSA §603, sub-§2-A is enacted to read:

2-A. Enumeration. The following personal property must be taxed in the place where it is situated:

A. Portable mills;

B. All store fixtures, office furniture, furnishings, fixtures and equipment;

C. Professional libraries, apparatus, implements and supplies;

D. Coin-operated vending or amusement devices;

E. All camper trailers, as defined in section 1481; and

F. Television and radio transmitting equipment.

Sec. 20. 36 MRSA §652, as amended by PL 2007, c. 438, §19, is further amended to read:

§ 652. Property of institutions and organizations

~~The following property of institutions and organizations is exempt from taxation:~~

1. Property of institutions and organizations. The property of institutions and organizations is exempt from taxation as provided in this subsection.

A. The real estate and personal property owned and occupied or used solely for their own purposes by benevolent and charitable institutions incorporated by this State are exempt from taxation. Such an institution may not be deprived of the right of exemption by reason of the source from which its funds are derived or by reason of limitation in the classes of persons for whose benefit the funds are applied.

For the purposes of this paragraph, "benevolent and charitable institutions" includes, but is not limited to, nonprofit nursing homes licensed by the Department of Health and Human Services pursuant to Title 22, chapter 405, nonprofit residential care facilities licensed by the Department of Health and Human Services pursuant to Title 22, chapter 1663, nonprofit community mental health service facilities licensed by the Commissioner of Health and Human Services pursuant to Title 34-B, chapter 3 and nonprofit child care centers incorporated by this State as benevolent and charitable institutions. For the purposes of this paragraph, "nonprofit" refers to an institution that has been determined by the United States Internal Revenue Service to be exempt from taxation under Section 501(c)(3) of the Code~~;~~.

B. The real estate and personal property owned and occupied or used solely for their own purposes by literary and scientific institutions are exempt from taxation. If any building or part of a building is used primarily for employee housing, that building, or that part of the building used for employee housing, ~~shall~~is not ~~be~~ exempt from taxation.

C. Further conditions to the right of exemption under paragraphs A and B are that:

(1) Any corporation claiming exemption under paragraph A must be organized and conducted exclusively for benevolent and charitable purposes;

(2) A director, trustee, officer or employee of an organization claiming exemption ~~is~~may not ~~entitled to~~ receive directly or indirectly any pecuniary profit from the operation of that organization, ~~excepting~~except as reasonable compensation for services in effecting its purposes or as a proper beneficiary of its strictly benevolent or charitable purposes;

(3) All profits derived from the operation of an organization claiming exemption and the proceeds from the sale of its property ~~are~~must be devoted exclusively to the purposes for which it is organized;

(4) The institution, organization or corporation claiming exemption under this ~~subsection shall~~section must file with the ~~tax~~ assessors upon their request a report for its preceding fiscal year in such detail as the ~~tax~~ assessors may reasonably require;

(5) An exemption ~~is~~may not be allowed under this ~~subsection~~section in favor of an agricultural fair association holding pari-mutuel racing meets unless it has qualified the next preceding year as a recipient of a stipend from the Stipend Fund provided in Title 7, section 86;

(6) An exemption allowed under paragraph A or B for real or personal property owned and occupied or used to provide federally subsidized residential rental housing is limited as follows: Federally subsidized residential rental housing placed in service prior to September 1, 1993 by other than a nonprofit housing corporation that is acquired on or after September 1, 1993 by a nonprofit housing corporation and the operation of which is not an unrelated trade or business to that nonprofit housing corporation is eligible for an exemption limited to 50% of the municipal assessed value of that property.

An exemption granted under this subparagraph must be revoked for any year in which the owner of the property is no longer a nonprofit housing corporation or the operation of the residential rental housing is an unrelated trade or business to that nonprofit housing corporation.

(a) For the purposes of this subparagraph, the following terms have the following meanings.

(i) "Federally subsidized residential rental housing" means residential rental housing that is subsidized through project-based rental assistance, operating assistance or interest rate subsidies paid or provided by or on behalf of an agency or department of the Federal Government.

(ii) "Nonprofit housing corporation" means a nonprofit corporation organized in the State that is exempt from tax under Section 501(c)(3) of the Code and has among its corporate purposes the provision of services to people of low income or the construction, rehabilitation, ownership or operation of housing.

(iii) "Residential rental housing" means one or more buildings, together with any facilities functionally related and subordinate to the building or buildings, located on one parcel of land and held in common ownership prior to the conversion to nonprofit status and containing 9 or more similarly constructed residential units offered for rental to the general public for use on other than a transient basis, each of which contains separate and complete facilities for living, sleeping, eating, cooking and sanitation.

(iv) "Unrelated trade or business" means any trade or business whose conduct is not substantially related to the exercise or performance by a nonprofit corporation of the purposes or functions constituting the basis for exemption under Section 501(c)(3) of the Code.

(b) Eligibility of the following property for exemption is not affected by the provisions of this subparagraph:

(i) Property used as a nonprofit nursing home, residential care facility licensed by the Department of Health and Human Services pursuant to Title 22, chapter 1663 or a community living arrangement as defined in Title 30-A, section 4357-A or any property owned by a nonprofit organization licensed or funded by the Department of Health and Human Services to provide services to or for the benefit of persons with mental illness or mental retardation;

(ii) Property used for student housing;

(iii) Property used for parsonages;

(iv) Property that was owned and occupied or used to provide residential rental housing that qualified for exemption under paragraph A or B prior to September 1, 1993; or

(v) Property exempt from taxation under other provisions of law; and

(7) In addition to the requirements of subparagraphs (1) to (4), an exemption is not allowed under paragraph A or B for real or personal property owned and occupied or used to provide residential rental housing that is transferred or placed in service on or after September 1, 1993, unless the property is owned by a nonprofit housing corporation and the operation of the residential rental housing is not an unrelated trade or business to the nonprofit housing corporation.

For the purposes of this subparagraph, the following terms have the following meanings.

(a) "Nonprofit housing corporation" means a nonprofit corporation organized in the State that is exempt from tax under Section 501(c)(3) of the Code and has among its corporate purposes the provision of services to people of low income or the construction, rehabilitation, ownership or operation of housing.

(b) "Residential rental housing" means one or more buildings, together with any facilities functionally related and subordinate to the building or buildings, containing one or more similarly constructed residential units offered for rental to the general public for use on other than a transient basis, each of which contains separate and complete facilities for living, sleeping, eating, cooking and sanitation.

(c) "Unrelated trade or business" means any trade or business whose conduct is not substantially related to the exercise or performance by a nonprofit organization of the purposes constituting the basis for exemption under Section 501(c)(3) of the Code.

E. The real estate and personal property owned, occupied and used for their own purposes by posts of the American Legion, Veterans of Foreign Wars, American Veterans, ~~Grand Army of the Republic,~~ Sons of Union Veterans of the Civil War, ~~Spanish War Veterans,~~ Disabled American Veterans and Navy Clubs of the U.S.A. that are used solely by those organizations for meetings, ceremonials or instruction or to further the charitable activities of the organization, including all facilities that are appurtenant to ~~such use~~that property and used in connection ~~therewith~~with those purposes, are exempt from taxation. If an organization is not the sole occupant of the property, the exemption granted under this paragraph applies only to that portion of the property owned, occupied and used by the organization for its purposes.

Further conditions to the right of exemption are that:

(1) A director, trustee, officer or employee of any organization claiming exemption may not receive directly or indirectly any pecuniary profit from the operation ~~thereof~~of that organization, ~~excepting~~except as reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;

(2) All profits derived from the operation ~~thereof~~of the organization and the proceeds from the sale of its property ~~are~~must be devoted exclusively to the purposes for which it is organized; and

(3) The institution, organization or corporation claiming exemption under this ~~subsection shall~~paragraph must file with the ~~tax~~ assessors upon their request a report for its preceding fiscal year in such detail as the ~~tax~~ assessors may reasonably require.

F. The real estate and personal property owned and occupied or used solely for their own purposes by chambers of commerce or boards of trade in this State are exempt from taxation.

Further conditions to the right of exemption are that:

(1) ~~No~~A director, trustee, officer or employee of any organization claiming exemption ~~shall~~may not receive directly or indirectly any pecuniary profit from the operation ~~thereof~~of that organization, ~~excepting~~except as reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;

(2) All profits derived from the operation ~~thereof~~of the organization and the proceeds from the sale of its property ~~are~~must be devoted exclusively to the purposes for which it is organized; and

(3) The institution, organization or corporation claiming exemption under this ~~subsection shall~~paragraph must file with the ~~tax~~ assessors upon their request a report for its preceding fiscal year in such detail as the ~~tax~~ assessors may reasonably require.

G. Houses of religious worship, including vestries, and the pews and furniture within ~~the same~~them; tombs and rights of burial; and property owned and used by a religious society as a parsonage up to the value of $20,000, and personal property not exceeding $6,000 in value are exempt from taxation, ~~but so much of~~except that any portion of a parsonage ~~as~~that is rented is ~~liable~~subject to taxation. For purposes of ~~the tax exemption provided by~~ this paragraph ~~a parsonage shall mean~~, "parsonage" means the principal residence provided by a religious society for its ~~clergyman~~cleric whether or not the principal residence is located within the same municipality ~~or place~~ as the house of religious worship where the ~~clergyman~~cleric regularly conducts religious services.

H. Real estate and personal property owned by or held in trust for fraternal organizations, except college fraternities, operating under the lodge system ~~which shall be~~that are used solely by those fraternal organizations for meetings, ceremonials~~,~~or religious or ~~moralistic~~moral instruction, including all facilities that are appurtenant to ~~such use~~that property and used in connection

~~therewith~~with those purposes are exempt from taxation. If ~~any~~a building ~~shall not be used in its entirety for such purposes, but shall be~~is used in part for ~~such~~those purposes and in part for any other purpose, ~~exemption shall be of~~only the part used for ~~such~~those purposes is exempt.

Further conditions to the right of exemption under this paragraph are that:

(1) ~~No~~A director, trustee, officer or employee of any organization claiming exemption ~~shall~~may not receive directly or indirectly any pecuniary profit from the operation ~~thereof~~of that organization, ~~excepting~~except as reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;

(2) All profits derived from the operation ~~thereof~~of the organization and the proceeds from the sale of its property ~~are~~must be devoted exclusively to the purposes for which it is organized; and

(3) The institution, organization or corporation claiming exemption under this ~~subsection shall~~paragraph must file with the ~~tax~~ assessors upon their request a report for its preceding fiscal year in such detail as the ~~tax~~ assessors may reasonably require.

J. The real and personal property owned by one or more of the ~~foregoing~~ organizations in paragraphs A and B and E to H and occupied or used solely for their own purposes by one or more other such organizations are exempt from taxation.

K. The real and personal property leased by and occupied or used solely for its own purposes by an incorporated benevolent and charitable organization ~~which~~that is exempt from taxation under section 501 of the ~~Internal Revenue~~ Code ~~of 1954, as amended,~~ and the primary purpose of which is the operation of a hospital licensed by the Department of Health and Human Services, a health maintenance organization or a blood bank are exempt from taxation.

L. ~~Service charges.~~

~~(1) The owners of certain institutional and organizational real property, which is otherwise exempt from state or municipal taxation, may be subject to service charges when these charges are calculated according to the actual cost of providing municipal services to that real property and to the persons who use that property. These services shall include, without limitation:~~

~~(a) Fire protection;~~

~~(b) Police protection;~~

~~(c) Road maintenance and construction, traffic control, snow and ice removal;~~

~~(d) Water and sewer service;~~

~~(e) Sanitation services; and~~

~~(f) Any services other than education and welfare.~~

~~(2) The establishment of service charges is not mandatory, but rather is at the discretion of the municipality in which the exempt property is located. The municipal legislative body shall determine those institutions and organizations on which service charges are to be levied by charging for services on any or all of the following classifications of tax exempt real property:~~

~~(a) Residential properties currently totally exempt from property taxation, yet used to provide rental income. This classification shall not include student housing or parsonages.~~

~~If a municipality levies service charges in any of the classifications of this subparagraph, that municipality shall levy these service charges to all institutions and organizations owning property in that classification.~~

~~(3) With respect to the determination of service charges, appeals shall be made in accordance with an appeals process to be provided for by municipal ordinance.~~

~~(4) The collection of unpaid service charges shall be carried out in the same manner as provided in Title 38, section 1208.~~

~~(5) Municipalities shall use the revenues accrued from service charges to fund, as much as possible, the costs of those services.~~

~~(6) The total service charges levied by a municipality on any institution and organization under this section shall not exceed 2% of the gross annual revenues of the organization. To qualify for this limitation the institution or organization shall file with the municipality an audit of the revenues of the organization for the year immediately prior to the year which the service charge is levied. The municipal officers shall abate the service charge amount that is in excess of 2% of the gross annual revenues.~~

~~(7) Municipalities shall adopt any necessary ordinances to carry out the provisions of this paragraph regarding service charges.~~

An organization or institution that desires ~~to secure~~ exemption under this section ~~shall make~~must file a written application ~~and file~~accompanied by written proof of entitlement for each parcel ~~to be considered~~ on or before the first day of April in the year in which the exemption is first requested with the assessors of the municipality in which the property would otherwise be taxable. If granted, the exemption continues in effect until the assessors determine that the organization or institution is no longer qualified. Proof of entitlement must indicate the specific basis upon which exemption is claimed.

Sec. 21. 36 MRSA §653, sub-§1, ¶F, as corrected by RR 1991, c. 2, §132, is repealed and the following enacted in its place:

F. An exemption may not be granted to any person under this subsection unless the person is a resident of this State.

Sec. 22. 36 MRSA §653, sub-§1, ¶H, as amended by PL 1989, c. 501, Pt. Z, is further amended to read:

H. ~~Any~~A municipality granting exemptions under this subsection ~~shall have a valid claim against~~is entitled to reimbursement from the State ~~to recover~~of 90% of that portion of the ~~taxes~~property tax revenue lost ~~by reason~~as a result of the exemptions ~~as~~that exceeds 3% of the total ~~local~~municipal property tax levy, upon submission of proof ~~of the facts~~ in a form satisfactory to the ~~Commissioner of Finance~~State Tax Assessor. ~~The claims shall be presented to the Legislature next convening.~~Exemptions granted under this subsection that are reimbursable pursuant to section 661 are not eligible for reimbursement under this paragraph.

Sec. 23. 36 MRSA §655, sub-§1, ¶P, as amended by PL 2005, c. 652, §1 and affected by §3, is further amended to read:

P. All items of individually owned personal property with a just value of less than $1,000, except:

(1) Items used for industrial or commercial purposes; and

(2) Vehicles ~~and camp trailers~~ as defined in section 1481 that are not subject to an excise tax;

Sec. 24. 36 MRSA §692, sub-§4, as enacted by PL 2005, c. 623, §1, is amended to read:

4. Property tax rate. The following percentages of the value of exempt business equipment must be included in the total municipal valuation used to determine the municipal tax rate for 2008 and subsequent tax years:

A. The applicable percentage specified in section 694, subsection 2, paragraph A for exempt business equipment for which the municipality is entitled to receive reimbursement under section 694, subsection 2, paragraph A;

B. The applicable percentage calculated under section 694, subsection 2, paragraph B for exempt business equipment for which the municipality receives reimbursement under section 694, subsection 2, paragraph B; and

C. The applicable percentage calculated under section 694, subsection 2, paragraph C for exempt business equipment for which the municipality receives reimbursement under section 694, subsection 2, paragraph C.

For purposes of this subsection, the value of exempt business equipment must be adjusted by the percentage of just value upon which the assessment of the total value of all assessed property in the municipality is based, as certified pursuant to section 383.

Sec. 25. 36 MRSA §694, sub-§2, ¶B, as amended by PL 2007, c. 438, §24, is further amended to read:

B. In the case of ~~municipalities choosing~~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.

Sec. 26. 36 MRSA §694, sub-§2, ¶C, as amended by PL 2007, c. 438, §25, is further amended to read:

C. In the case of a municipality that has one or more tax increment financing districts authorized pursuant to Title 30-A, chapter 206, subchapter 1 and effective under Title 30-A, section 5226, subsection 3 prior to April 1, 2008 or authorized pursuant to Title 30-A, former chapter 207 and effective under Title 30-A, former section 5253, subsection 1, paragraph F, prior to April 1, 2008, the applicable percentage with respect to TIF exempt business equipment is 50% plus a percentage amount equal to the percentage amount, if any, by which the municipal tax increment percentage for the tax increment financing district in which the TIF exempt business equipment is located exceeds 50%. This paragraph applies only when it will result in a greater percentage of reimbursement for the TIF exempt business equipment than would be provided under the greater of paragraph A or B.

Sec. 27. 36 MRSA §694, sub-§3, as enacted by PL 2005, c. 623, §1, is amended to read:

3. Reimbursement to unorganized territory education and services. The bureau shall ~~reimburse~~calculate the reimbursement to the Unorganized Territory Education and Services Fund for ~~taxes~~property tax revenue lost by reason of the exemption in the same manner as it does for municipalities and at the same percentages as are applicable to municipalities.

Sec. 28. 36 MRSA §694, sub-§4, as enacted by PL 2005, c. 623, §1, is repealed.

Sec. 29. 36 MRSA §1109, sub-§3, ¶M, as amended by PL 2003, c. 619, §2, is further amended to read:

M. The identification of the land or of outstanding natural resources on the land by a legislatively mandated program, on the state, local or federal level, as particular areas, parcels, land types or natural resources for protection, including, but not limited to, the ~~Register of Critical Areas~~register of critical areas under Title 5~~12~~12, ~~chapter 312~~section 544-B; the laws governing wildlife sanctuaries and management areas under Title 12, section 10109, subsection 1 and sections 12706 and 12708; the laws governing the State's rivers under Title 12, chapter 200; the natural resource protection laws under Title 38, chapter 3, subchapter 1, article 5-A; and the Maine Coastal Barrier Resources Systems under Title 38, chapter 21;

Sec. 30. 36 MRSA §1231, as amended by PL 1979, c. 666, §27, is further amended to read:

§ 1231. Returns to State Tax Assessor

~~Each~~On or before the first day of May in each year, every owner or person in charge or control of personal property ~~such as would not be exempt from taxation if it were located in a city or town of this State, and not otherwise subject to taxation under existing laws of the State, which~~that on the first day

of April ~~in each~~of that year is situated, whether permanently or temporarily, within ~~an~~the unorganized ~~township,~~territory shall ~~, on or before the first day of May in each year,~~ return to the State Tax Assessor on a form to be furnished by the State Tax Assessor a complete list of such property ~~upon blanks furnished by said Tax Assessor~~that would not be exempt from taxation if it were located in a municipality of this State and that is not otherwise subject to taxation under this Part. ~~Such~~That property ~~shall~~must be taxed at the rate established by the State Tax Assessor as provided in section 1602.

~~Any such owner or~~A person who knowingly makes a fraudulent return under this section commits a civil violation for which a ~~forfeiture~~fine of not less than $100 nor more than $500 for each violation ~~shall~~must be adjudged.

Sec. 31. 36 MRSA §1482, sub-§1, ¶A, as amended by PL 1979, c. 80, §7, is further amended to read:

A. For the privilege of operating an aircraft within the State, each ~~heavier and lighter than air~~heavier-than-air aircraft or lighter-than-air aircraft ~~so~~ operated ~~and~~in this State that is owned or controlled by a resident of this State~~, or a nonresident operating for compensation or hire within this State and required to register under Title 6, shall be~~is subject to ~~such~~an excise tax computed as follows: ~~A sum equal to~~ 9 mills on each dollar of the maker's average equipped price for the first or current year of model; 7 mills for the 2nd year; 5 mills for the 3rd year; 4 mills for the 4th year; and 3 mills for the 5th and succeeding years. The minimum tax ~~shall be~~is $10. Nonresidents of this State who operate aircraft within this State for compensation or hire ~~shall~~and are required to register under Title 6 must pay 1/12 of the ~~total excise~~ tax amount computed as required in this ~~subsection~~paragraph for each calendar month or fraction thereof that the aircraft remains in the State.

~~(1) Every owner of an aircraft with a current Maine registration, valid through April 30, 1980, shall receive a 2-month credit for excise tax paid for the aircraft registration year 1979-80 only. The credit provided in this subparagraph shall be applied to the aircraft registration renewal for the registration year 1980-81.~~

Sec. 32. 36 MRSA §1483, sub-§13, as amended by PL 1995, c. 12, §1 and affected by §4, is further amended to read:

13. Certain buses. Buses used for the transportation of passengers for hire in interstate or intrastate commerce, or both, by carriers ~~granted certificates of public convenience and necessity, or permits, by the Maine Public Utilities Commission, provided such~~engaged in furnishing common carrier passenger service under an operating authority license issued pursuant to Title 29-A, section 552. At the option of the appropriate municipality, those buses may be subject to the excise tax provided in section 1482 ~~at the option of the appropriate municipality~~;

Sec. 33. 36 MRSA §1484, as amended by PL 1987, c. 769, Pt. A, §152, is further amended to read:

§ 1484. Place of payment

The excise tax ~~on a vehicle shall~~imposed by this chapter must be paid ~~in accordance with the following:~~as provided in this section.

1. Aircraft. ~~For registration years beginning on or after March 1, 1982, the~~The excise tax on an aircraft ~~shall~~must be paid to the Department of Transportation. The ~~receipts from these excise tax payments shall be reimbursed by the~~ Department of Transportation shall distribute the receipts from each excise tax payment to the municipality where the aircraft is based except as follows.

A. If the aircraft is based at an airport owned by a county, the excise tax payments ~~shall~~must be ~~reimbursed~~distributed to ~~the~~that county.

B. If the aircraft is based at the Augusta State Airport, the excise tax payments ~~shall~~must be retained by the ~~department~~Department of Transportation.

C. ~~The location where an aircraft shall be considered based is the location in Maine where it has been hangared, parked, tied down or moored the most nights during the 30-day period of active flying preceding payment of the excise tax. If the aircraft has not been based at a Maine location during the 30-day period of active flying preceding payment, then the location where an aircraft shall be considered based is the location in Maine where it will be hangared, parked, tied down or moored the most nights during the 30-day period of active flying next following payment of the excise tax.~~

For the purposes of this subsection, an aircraft is deemed to be based at the location in the State where it has been hangared, parked, tied down or moored the most nights during the 30-day period of active flying preceding payment of the excise tax. If the aircraft has not been hangared, parked, tied down or moored at a location in the State during the 30-day period of active flying preceding payment, then the aircraft is deemed to be based at the location in the State where it will be hangared, parked, tied down or moored the most nights during the 30-day period of active flying next following payment of the excise tax.

2. Mobile homes and camper trailers. Mobile homes and camper trailers are subject to excise tax as provided in this subsection.

A. If the excise tax on a mobile home or camper trailer is paid prior to April 1st, or if the mobile home or ~~camp~~camper trailer is acquired or ~~is~~ brought into this State after April 1st, the excise tax ~~shall~~must be paid in the place where the mobile home or ~~camp~~camper trailer is located.

B. If the excise tax on a mobile home or camper trailer is paid on or after April 1st, the excise tax ~~shall~~must be paid in the place where the mobile home or ~~camp~~camper trailer was located on April 1st.

3. Motor vehicles. Motor vehicles are subject to excise tax as provided in this subsection.

A. ~~If the~~The excise tax on a motor vehicle ~~is~~ owned by an individual resident of this State~~, the excise tax shall~~must be paid in the place where the owner resides.

B. ~~If the~~The excise tax on a motor vehicle ~~is~~ owned by a nonresident ~~person, the excise tax shall~~individual must be paid in the place where ~~he~~the owner is temporarily or occasionally residing~~, or, if~~. If there is no such residing place, the tax must be paid to the Secretary of State.

C. ~~If the~~The excise tax on a motor vehicle ~~is~~ owned by a corporation or a partnership~~, the excise tax shall~~must be paid in the following manner.

(1) If ~~it~~the owner is a corporation or partnership other than one described in subparagraph (2), the excise tax ~~shall~~must be paid to the place in which the owner's registered or main office ~~of that organization~~ is located, except that if the ~~organization~~owner has an additional permanent place~~, or places,~~ of business where motor vehicles are customarily kept, the tax on these vehicles ~~shall~~must be paid to the place where ~~such~~that permanent place of business is located. The temporary location of an office and the stationing of vehicles in connection with a construction project of less than 24 months duration is not considered to constitute a permanent place of business. ~~In the case of~~If the owner is a foreign corporation or partnership not maintaining a place of business within the State, the excise tax ~~shall~~must be paid to the Secretary of State.

(2) ~~In the case of corporations~~If the owner is a corporation described in Title 35-A, sections 2101 to 2104, ~~any~~the excise ~~taxes owed shall~~tax must be paid to the place in which the registered or main office of that organization is located.

~~(3) If a municipality, county or motor vehicle owner feels the excise tax has been improperly levied under the authority of this paragraph, the owner, county or municipality may request within 3 years from the date of an excise tax levy a determination of this question by the State Tax Assessor. The State Tax Assessor's determination is limited to the same 3-year period and shall be binding on all parties. Any party may seek review of the determination in accordance with the Maine Rules of Civil Procedure, Rule 80-C. Upon notification by the State Tax Assessor of a determination made under this section, any municipality or county which has incorrectly accepted excise tax money, within 30 days of that determination, shall pay the money, together with interest at the maximum rate determined by the Treasurer of State, pursuant to section 505, to the municipality or county named in the determination as the proper place of payment.~~

Within 3 years from the date of an excise tax levy under the authority of this paragraph, a municipality, county or motor vehicle owner that feels the excise tax has been improperly levied may request a determination of this question by the State Tax Assessor. The State Tax Assessor's determination is limited to the same 3-year period and is binding on all of the parties. Any of the parties may seek review of the determination in accordance with the Maine Rules of Civil Procedure, Rule 80-C. Within 30 days after receipt of notice of a determination made by the State Tax Assessor under this paragraph, a municipality or county that has incorrectly accepted excise tax money must pay the money, together with interest at the maximum rate established by the Treasurer of State pursuant to section 505, to the municipality or county identified in the determination as the proper place of payment.

D. Notwithstanding other provisions of this subsection, if a motor vehicle is leased for a period of one month or longer, the excise tax ~~shall~~must be paid in the place where it would be paid if the lessee were the owner.

E. When an excise tax is paid to the Secretary of State under this subsection, it must be deposited in the General Fund.

4. When paid to State. ~~When an excise tax is to be paid to the State under this section, it shall be paid to the Treasurer of State in the case of aircraft and to the Secretary of State in the case of motor vehicles and deposited in the General Fund.~~

Sec. 34. 36 MRSA §1603, sub-§1, as amended by PL 2005, c. 686, Pt. A, §65, is further amended to read:

1. Definition. For the purposes of this chapter, "municipal cost component" means the cost of funding services in the Unorganized Territory Tax District that would not be borne by the State if the Unorganized Territory Tax District were a municipality, but does not include a state cost allocation charge, including, without limitation, reimbursement to the General Fund for departmental functions such as accounting, personnel administration and supervision. "Municipal cost component" also includes the cost of funding obligations of the unorganized territory under the terms of a tax increment financing district approved by the Commissioner of Economic and Community Development prior to July 1, 2008 pursuant to Title 30-A, chapter 206. The "municipal cost component" includes, but is not limited to:

A. The cost of education, as would be determined by the Essential Programs and Services Funding Act if the unorganized territory were a municipality;

B. The cost of services the state funds in the unorganized territory that are funded locally by a municipality; the cost of forest fire protection to be included in the cost component must be determined in accordance with Title 12, section 9205-A and collected in the same manner as other portions of the municipal cost component; ~~and~~

C. The cost of reimbursement by the State for services a county provides to the unorganized territory in accordance with Title 30-A, chapter 305. A county may not be reimbursed for services provided on or after January 1, 1979, unless a legislative allocation is obtained pursuant to this chapter. If a county receives, in addition to its budget, funds that are designated by the Legislature for a specific purpose and the county does not spend those funds for that specific purpose in that fiscal year, then the reimbursement under this chapter to that county for the next fiscal year must be reduced by an amount equal to the amount of funds so designated that were not expended for that specific purpose.; and

D. The cost for payments that the unorganized territory is required to make pursuant to the terms of a tax increment financing district approved by the Commissioner of Economic and Community Development pursuant to Title 30-A, chapter 206 prior to July 1, 2008 with respect to taxable property in the Unorganized Territory Tax District.

Sec. 35. 36 MRSA §1606, as amended by PL 1989, c. 373, §1, is repealed and the following enacted in its place:

§ 1606. Property taxes credited on assessments; quarterly payments for unorganized territory services and annually for county taxes

1. Credit and appropriation of special funds or taxes for political subdivisions. Notwithstanding any other statute to the contrary, the gross amount of property taxes assessed upon real and personal property in the unorganized territory through the State Tax Assessor for the benefit of any special fund or political subdivision of the State may be credited on the books of the State to the special fund or to the proper fiscal officer of the political subdivision. The Treasurer of State shall pay to

that fiscal officer the amount of the tax so assessed, in equal quarterly amounts for unorganized territory services, on or before the last day of July, October, January and April and an annual installment for county taxes on or before October 15th following the date of the assessment. The amount of the assessment is appropriated for the purposes of this subsection.

2. Tax increment financing payments. With respect to a tax increment financing district located in the unorganized territory and approved by the Commissioner of Economic and Community Development pursuant to Title 30-A, chapter 206 prior to July 1, 2008, the Treasurer of State must deposit into the development program fund established by a county for the tax increment financing district pursuant to Title 30-A, section 5227, subsection 3 the tax increment revenues on the captured assessed value, as that term is defined in Title 30-A, section 5222. The payment must be made on or before October 15th following the date of assessment or within 30 days after the taxes constituting the tax increment are paid, whichever is later. The amount of the assessment is appropriated for the purposes of this subsection.

3. Deposits, abatements, interest payments and supplemental assessments. Upon collection by the State Tax Assessor, taxes collected under subsection 1 must be deposited in the Unorganized Territory Education and Services Fund. All abatements of such taxes must be charged against the Unorganized Territory Education and Services Fund and all interest and supplemental assessments must be paid into the Unorganized Territory Education and Services Fund and neither may be charged against or credited to the special fund or political subdivision on account of which the tax was levied. Any excess of supplemental assessments over abatements accruing to the Unorganized Territory Education and Services Fund must be considered as reimbursement to the Unorganized Territory Education and Services Fund for administrative expenses connected with the assessment of those taxes.

4. Intent. The intent of the Legislature is to permit the administration of all real and personal property taxes in the unorganized territory through the Unorganized Territory Education and Services Fund as a matter of convenience and economy.

Sec. 36. 36 MRSA §1752, sub-§1 is amended to read:

1. Advertise. ~~"Advertisement"~~ "Advertise" means ~~any~~to make a public announcement ~~of whatever kind or character and includes any~~by any means whatsoever, including a notice or announcement in ~~any~~a radio or ~~television~~televised broadcast, newspaper, magazine, catalog, circular, handbill, sign, placard or ~~any~~ billboard.

Sec. 37. 36 MRSA §1752, sub-§1-B, as amended by PL 2005, c. 218, §11, is further amended to read:

1-B. Automobile. ~~"Automobile," for purposes of subsection 17-B,~~"Automobile" means a self-propelled 4-wheel motor vehicle designed primarily to carry passengers and not designed to run on tracks. "Automobile" includes a pickup truck or van with a registered gross vehicle weight of 6,000 pounds or less.

Sec. 38. 36 MRSA §1752, sub-§1-F, as enacted by PL 1997, c. 791, Pt. A, §1, is repealed.

Sec. 39. 36 MRSA §1752, sub-§1-G, as enacted by PL 1997, c. 791, Pt. A, §1, is repealed.

Sec. 40. 36 MRSA §1752, sub-§5-C is enacted to read:

5-C. Loaner vehicle. "Loaner vehicle" means an automobile to be provided to a motor vehicle dealer's service customers for short-term use free of charge pursuant to the dealer's franchise, as defined in Title 10, section 1171, subsection 6.

Sec. 41. 36 MRSA §1752, sub-§6-A, as amended by PL 1999, c. 708, §22, is further amended to read:

6-A. Manufacturing facility. "Manufacturing facility" means a site at which are located machinery and equipment used directly and primarily in either the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or the production of tangible personal property pursuant to a contract with the ~~United States~~Federal Government or any agency thereof. It includes the machinery and equipment and all machinery, equipment, structures and facilities located at the site and used in support of production or associated with the production. "Manufacturing facility" does not include a site at which a retailer is primarily engaged in making retail sales of tangible personal property not produced by the retailer.

Sec. 42. 36 MRSA §1752, sub-§11, ¶B, as amended by PL 2007, c. 410, §1 and affected by §6, is further amended to read:

B. "Retail sale" does not include:

(1) Any casual sale;

(2) Any sale by a personal representative in the settlement of an estate, unless the sale is made through a retailer, or unless the sale is made in the continuation or operation of a business;

(3) The sale, to a person engaged in the business of renting automobiles, of automobiles, integral parts of automobiles or accessories to automobiles, for rental or for use in an automobile rented on a short-term basis;

(4) The sale, to a person engaged in the business of renting video media and video equipment, of video media or video equipment for rental;

(5) The sale, to a person engaged in the business of renting or leasing automobiles, of automobiles for rental or lease for one year or more;

(6) The sale, to a person engaged in the business of providing cable or satellite television services, of associated equipment for rental or lease to subscribers in conjunction with a sale of extended cable or extended satellite television services;

(7) The sale, to a person engaged in the business of renting furniture, or audio media and audio equipment, of furniture, audio media or audio equipment for rental pursuant to a rental-purchase agreement as defined in Title 9-A, section 11-105; ~~or~~

(8) The sale of loaner vehicles to a new vehicle dealer licensed as such pursuant to Title 29-A, section 953~~. For purposes of this subparagraph, "loaner vehicle" means an automobile to be provided to the dealer's service customers for short-term use free of charge pursuant to the dealer's franchise, as defined in Title 10, section 1171, subsection 6.~~; or

(9) The sale of automobile repair parts used in the performance of repair services on an automobile pursuant to an extended service contract sold on or after September 20, 2007 that entitles the purchaser to specific benefits in the service of the automobile for a specific duration.

Sec. 43. 36 MRSA §1752, sub-§14, as amended by PL 2005, c. 675, §1 and affected by §2, is further amended to read:

14. Sale price. "Sale price" means the total amount of a retail sale valued in money, whether received in money or otherwise.

A. "Sale price" includes:

(1) ~~Services which~~Any consideration for services that are a part of a retail sale; and

(2) All receipts, cash, credits and property of any kind or nature and any amount for which credit is allowed by the seller to the purchaser, without any deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, losses or any other expenses.

B. "Sale price" does not include:

(1) Discounts allowed and taken on sales;

(2) Allowances in cash or by credit made upon the return of merchandise pursuant to warranty;

(3) The price of property returned by customers, when the full price is refunded either in cash or by credit;

(4) The price received for labor or services used in installing or applying or repairing the property sold, if separately charged or stated;

(5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically stated service charge, when that amount is to be disbursed by a hotel, ~~motel,~~ restaurant or other eating establishment to its employees as wages;

(6) The amount of any tax imposed by the United States on or with respect to retail sales, whether imposed upon the retailer or the consumer, except any manufacturers', importers', alcohol or tobacco excise tax;

(7) The cost of transportation from the retailer's place of business or other point from which shipment is made directly to the purchaser, provided that those charges are separately stated and the transportation occurs by means of common carrier, contract carrier or the United States mail;

(8) The fee imposed by Title 10, section 1169, subsection 11;

(9) The fee imposed by section 4832, subsection 1;

(10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection 2-B; ~~or~~

(11) Any amount charged or collected by a person engaged in the rental of living quarters as a forfeited room deposit or cancellation fee if the prospective occupant of the living quarters cancels the reservation on or before the scheduled date of arrival.~~.~~; or

(12) The premium on motor vehicle oil changes imposed by Title 10, section 1020, subsection 6.

Sec. 44. 36 MRSA §1752, sub-§20 is amended to read:

20. Trailer camp. "Trailer camp" means a place with or without service facilities where space is offered ~~with or without service facilities~~ to the public for tenting or for the parking and accommodation of ~~automobile~~camper trailers ~~which are~~, motor homes or truck campers used for living quarters ~~and the~~. The rental price ~~shall include~~includes all service charges paid to the lessor.

Sec. 45. 36 MRSA §1755, as amended by PL 1997, c. 526, §14, is further amended to read:

§ 1755. No registration unless tax paid

Whenever ~~any~~ tangible personal property ~~whose sale or use is subject to tax under chapters 211 to 225~~ is required by the laws of this State to be registered for use within ~~this~~the State ~~by any law other than this,~~ the applicant for registration, whether or not the owner, ~~shall himself be liable for~~must either pay the sales tax or use tax or ~~shall~~ prove that ~~said~~the tax is not ~~owing~~due. ~~Such~~The applicant shall file a dealer's certificate or use tax certificate with the registering agency ~~a certificate~~ in ~~such~~a form ~~as may be~~ prescribed by the State Tax Assessor ~~containing~~reporting the name of ~~vendor~~the seller, the date of purchase, the sale price and ~~such~~ other information ~~as may be~~ pertinent to determination of tax liability~~; and the~~. The registering agency shall forward ~~such~~the certificate promptly to the Bureau of Revenue Services.

Sec. 46. 36 MRSA §1759, as amended by PL 1979, c. 520, §4, is further amended to read:

§ 1759. Bonds

~~When, in the judgment of the State Tax Assessor, either~~Either as a condition for issuance or subsequent to the issuance of a ~~seller~~s registration certificate under section 1754-B, ~~it is necessary or advisable for the collection of sales or use taxes or both, he~~the State Tax Assessor may require from a taxpayer a bond written by a surety company qualified to do business in this State ~~and~~, in ~~such~~an amount and upon ~~such condition as~~conditions to be determined by the ~~State Tax Assessor may determine~~assessor.

In lieu of ~~such~~a bond ~~he~~the assessor may accept~~, for delivery to the custody of the Treasurer of State,~~ a deposit of money or securities in ~~such~~an amount and of ~~such~~a kind ~~as he may approve~~acceptable to the assessor. ~~Such~~The deposit ~~shall~~must be ~~accepted by~~delivered to the Treasurer of State, who shall safely keep ~~the same~~it subject to the instructions of the ~~Tax Assessor~~assessor.

Sec. 47. 36 MRSA §1760, sub-§21-A, as enacted by PL 2007, c. 410, §3 and affected by §6, is amended to read:

21-A. Certain loaner vehicles. The use of a loaner vehicle provided by a new vehicle dealer, as defined in Title 29-A, section 851, subsection 9, to a service customer pursuant to a manufacturer's or dealer's warranty. ~~For purposes of this subsection, "loaner vehicle" has the same meaning as in section 1752, subsection 11, paragraph B, subparagraph (8).~~

Sec. 48. 36 MRSA §1760, sub-§31, ¶A, as amended by PL 2005, c. 12, Pt. S, §1, is further amended to read:

A. For use by the purchaser directly and primarily in the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or in the production of tangible personal property pursuant to a contract with the ~~United States~~Federal Government or any agency thereof, or, in the case of sales occurring after June 30, 2007, in the generation of radio and television broadcast signals by broadcast stations regulated under 47 Code of Federal Regulations, Part 73. This exemption applies even if the purchaser sells the machinery or equipment and leases it back in a sale and leaseback transaction. This exemption also applies whether the purchaser agrees before or after the purchase of the machinery or equipment to enter into the sale and leaseback transaction and whether the purchaser's use of the machinery or equipment in production commences before or after the sale and leaseback transaction occurs; and

Sec. 49. 36 MRSA §1760, sub-§82, as reallocated by RR 1999, c. 1, §48, is amended to read:

82. Sales of property delivered outside this State. Sales of tangible personal property when the seller delivers the property to a location outside this State or to the United States Postal Service, a common carrier or a contract carrier hired by the seller for delivery to a location outside this State, regardless of whether the property is purchased F.O.B. shipping point or other point in this State and regardless of whether passage of title occurs in this State. This exemption does not apply to any subsequent use of the property in this State.

Sec. 50. 36 MRSA §1765, as amended by PL 2007, c. 375, §3, is further amended to read:

§ 1765. Trade-in credit

When one or more items in one of the following ~~items of tangible personal property~~categories are traded in toward the sale price of another ~~of the same kind of the following items~~item in that same category, the tax imposed by this Part must be levied only upon the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade~~, except for~~. This section does not apply to transactions between dealers involving exchange of the property from inventory:

1. Motor vehicles. Motor vehicles;

3. Watercraft. Watercraft;

4. Aircraft. Aircraft;

6. Chain saws. Chain saws;

7. Special mobile equipment. Special mobile equipment;

8. Trailers. Trailers; or

9. Truck campers. Truck campers.

The trade-in credit allowed by this section is not available unless the items traded are in the same category, except that when a truck camper is taken in trade for a camper trailer or a camper trailer is taken in trade for a truck camper, the tax must be levied only upon the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade.

Sec. 51. 36 MRSA §1811, first ¶, as amended by PL 2007, c. 410, §5 and affected by §6 and amended by c. 444, §1, is repealed and the following enacted in its place:

A tax is imposed on the value of all 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, including 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 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 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.

Sec. 52. 36 MRSA §2513, first ¶, as amended by PL 2007, c. 240, Pt. KKKK, §1 and affected by §7, is further amended to read:

Every insurance company or association that does business or collects premiums or assessments including annuity considerations in the State, including surety companies and companies engaged in the business of credit insurance or title insurance, shall, for the privilege of doing business in this State~~,~~ and in addition to any other taxes imposed for ~~such~~that privilege, pay a tax upon all gross direct premiums including annuity considerations, whether in cash or otherwise, on contracts written on risks located or resident in the State for insurance of life, annuity, fire, casualty and other risks at the rate of 2% a year. Every surplus lines insurer that does business or collects premiums in the State shall, for the privilege of doing business in this State~~,~~ and in addition to any other taxes imposed for ~~such~~that privilege, pay a tax upon all gross direct premiums, whether in cash or otherwise, on contracts written on risks located or resident in the State at the rate of 3% a year. ~~The tax must be paid by the insurer's licensed producer with surplus lines authority pursuant to Title 24-A, section 2016.~~The producer of those contracts must collect the tax and report and pay the tax to the State Tax Assessor as provided in section 2521-A. For purposes of this section, the term "annuity considerations" includes amounts paid to an insurance company when received for the purchase of a contract that may result in an annuity, even when the annuitization never

occurs or does not occur until some time in the future and the amounts are in the meantime applied to an investment vehicle other than an annuity. This section does not apply to mutual fire insurance companies subject to tax under section 2517 or to captive insurance companies formed or licensed under Title 24-A, chapter 83 or under the laws of another state.

Sec. 53. 36 MRSA §2513-A, as enacted by PL 1987, c. 481, §4, is amended to read:

§ 2513-A. Tax on premiums of risk retention groups

Each risk retention group, as defined in Title 24-A, section 6093, ~~shall be~~is liable for payment of premium taxes with respect to direct business for risks resident or located ~~within~~in this State at the same rate and subject to the same interest~~, fines~~ and penalties ~~for nonpayment~~ as ~~that applicable to~~ authorized insurers. Each risk retention group shall ~~file an annual report~~, on or before March ~~1st~~15th, file with the State Tax Assessor and the Superintendent of Insurance ~~and the Treasurer of State containing a sworn statement of the gross premiums charged for coverage placed, and the gross return premiums on the insurance canceled, during~~, on forms prescribed by the assessor, a return covering the year ending on the preceding December 31st. At the time of filing the ~~report~~return, each risk retention group shall pay to the ~~Treasurer of State~~assessor the applicable percentage of the difference between the gross and return premiums reported for ~~the~~ business transacted during ~~the~~that year.

Sec. 54. 36 MRSA §2521-A, as amended by PL 2007, c. 240, Pt. KKKK, §5 and affected by §7 and amended by c. 437, §12 and affected by §22, is repealed and the following enacted in its place:

§ 2521-A. Returns; payment of tax

Every insurance company, association, producer or attorney-in-fact of a reciprocal insurer subject to the tax imposed by this chapter shall on or before the last day of each April, the 25th day of each June and the last day of each October file with the State Tax Assessor, on forms prescribed by the assessor, a return for the quarter ending on the last day of the preceding calendar month, except for the return due on the 25th day of June, which is for the quarter ending June 30th. A final return must be filed on or before March 15th, covering the prior calendar year. The 3 quarterly returns may be on an estimated basis, as long as each April and June installment equals 35% of the total tax paid for the preceding calendar year or at least 35% of the total tax to be paid for the current calendar year and each October installment equals 15% of the total tax paid for the preceding calendar year or at least 15% of the total tax to be paid for the current calendar year.

At the time of filing the returns, each insurance company, association, producer or attorney-in-fact of a reciprocal insurer shall pay to the assessor the amount of tax shown due.

An insurance company, association, producer or attorney-in-fact of a reciprocal insurer whose annual tax liability under this chapter does not exceed $1,000 may file an annual return with payment on or before March 15th covering the prior calendar year.

Sec. 55. 36 MRSA §2551, sub-§1-C is enacted to read:

1-C. Ancillary service. "Ancillary service" means a service that is associated with or incidental to the provision of telecommunications services, including, but not limited to, detailed telecommunications billing service, directory assistance, vertical service and voice mail service.

Sec. 56. 36 MRSA §2551, sub-§1-D is enacted to read:

1-D. Conference bridging service. "Conference bridging service" means an ancillary service that links 2 or more participants in an audio or video conference call and may include the provision of a telephone number. "Conference bridging service" does not include the telecommunications services used to reach the conference bridge.

Sec. 57. 36 MRSA §2551, sub-§1-E is enacted to read:

1-E. Detailed telecommunications billing service. "Detailed telecommunications billing service" means an ancillary service of separately stating information pertaining to individual calls on a customer's billing statement.

Sec. 58. 36 MRSA §2551, sub-§1-F is enacted to read:

1-F. Directory assistance. "Directory assistance" means an ancillary service of providing telephone number information or address information or both.

Sec. 59. 36 MRSA §2551, sub-§5-A is enacted to read:

5-A. International telecommunications service. "International telecommunications service" means a telecommunications service that originates or terminates in the United States and terminates or originates outside the United States, respectively. For purposes of this subsection, "United States" includes a territory or possession of the United States.

Sec. 60. 36 MRSA §2551, sub-§5-B is enacted to read:

5-B. Interstate telecommunications service. "Interstate telecommunications service" means a telecommunications service that originates in one state, territory or possession of the United States and terminates in a different state, territory or possession of the United States. For purposes of this subsection, "state" includes the District of Columbia.

Sec. 61. 36 MRSA §2551, sub-§7, as enacted by PL 2003, c. 673, Pt. V, §25 and affected by §29, is repealed.

Sec. 62. 36 MRSA §2551, sub-§15, as amended by PL 2007, c. 438, §54, is further amended to read:

15. Sale price. "Sale price" means the total amount of consideration, including cash, credit, property and services, for which personal property or services are sold, leased or rented, valued in money, whether received in money or otherwise, without any deduction for the cost of materials used, labor or service cost, interest, losses and any other expense of the seller. "Sale price" includes any consideration for services that are a part of a sale. "Sale price" does not include:

A. Discounts allowed and taken on sales;

B. Allowances in cash or by credit made upon the return of services pursuant to warranty;

C. The price of services rejected by customers when the full sale price is refunded either in cash or by credit;

D. The amount of any tax imposed by the United States or the State on or with respect to the sale of a service, whether imposed upon the seller or the consumer; or

E. The cost of transportation from the service provider's place of business or other point from which shipment is made directly to the purchaser, as long as those charges are separately stated and the transportation occurs by means of common carrier, contract carrier or the United States Postal Service.

Sec. 63. 36 MRSA §2551, sub-§20, as enacted by PL 2003, c. 673, Pt. V, §25 and affected by §29, is repealed.

Sec. 64. 36 MRSA §2551, sub-§20-A is enacted to read:

20-A. Telecommunications services. "Telecommunications services" means the electronic transmission, conveyance or routing of voice, data, audio, video or any other information or signals to a point or between or among points. "Telecommunications services" includes transmission, conveyance or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether the service is referred to as "Voice over Internet Protocol" services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications services" does not include:

A. Data processing and information services that allow data to be generated, acquired, stored, processed or retrieved and delivered by an electronic transmission to a purchaser when the purchaser's primary purpose for the underlying transaction is to obtain the processed data or information;

B. Installation or maintenance of wiring or equipment on a customer's premises;

C. Tangible personal property;

D. Advertising, including, but not limited to, directory advertising;

E. Billing and collection services provided to 3rd parties;

F. Internet access service;

G. Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of those services by the programming service provider. Radio and television audio and video programming services include, but are not limited to, cable service as defined in 47 United States Code, Section 522(6) and audio and video programming services delivered by commercial mobile radio service providers as defined in 47 Code of Federal Regulations, Section 20.3;

H. Ancillary services; or

I. Digital products delivered electronically, including, but not limited to, software, music, video, reading materials or ringtones.

Sec. 65. 36 MRSA §2551, sub-§20-B is enacted to read:

20-B. Vertical service. "Vertical service" means an ancillary service that is offered in connection with one or more telecommunications services and offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections. "Vertical service" includes conference bridging service.

Sec. 66. 36 MRSA §2551, sub-§21-A is enacted to read:

21-A. Voice mail service. "Voice mail service" means an ancillary service that enables the customer to store, send or receive recorded messages. "Voice mail service" does not include a vertical service that the customer may be required to have in order to use the voice mail service.

Sec. 67. 36 MRSA §2552, sub-§1, ¶J, as enacted by PL 2005, c. 386, Pt. S, §6 and affected by §9, is amended to read:

J. Personal support services; ~~and~~

Sec. 68. 36 MRSA §2552, sub-§1, ¶K, as enacted by PL 2005, c. 386, Pt. S, §6 and affected by §9, is amended to read:

K. Residential training services~~.~~; and

Sec. 69. 36 MRSA §2552, sub-§1, ¶L is enacted to read:

L. Ancillary services.

Sec. 70. 36 MRSA §2556, sub-§4, as enacted by PL 2003, c. 673, Pt. V, §25 and affected by §29, is amended to read:

4. Bundled services. Notwithstanding any other provision of this ~~Part~~chapter, otherwise nontaxable charges that are aggregated with and not separately stated from taxable mobile telecommunications charges are subject to taxation unless the home service provider can, to the satisfaction of the assessor, reasonably identify such charges from books and records kept in the regular course of its business. A customer may not rely upon the nontaxability of bundled services unless the customer's home service provider separately states the otherwise nontaxable services or the home service provider elects, after receiving written notice from the customer in the form required by the provider, to provide verifiable data based upon the home service provider's books and records that are kept in the regular course of business and that reasonably identify the nontaxable charges.

Sec. 71. 36 MRSA §2557, sub-§30, as amended by PL 2005, c. 218, §35, is further amended to read:

30. Sales for resale. Sales of services to another service provider for resale; ~~and~~

Sec. 72. 36 MRSA §2557, sub-§31, as amended by PL 2005, c. 622, §12, is further amended to read:

31. Construction contracts with exempt organizations. Sales to a construction contractor or its subcontractor of fabrication services that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this section, except as otherwise provided by section 2560~~.~~;

Sec. 73. 36 MRSA §2557, sub-§32 is enacted to read:

32. Prepaid calling service. Sales of prepaid calling service;

Sec. 74. 36 MRSA §2557, sub-§33 is enacted to read:

33. International telecommunications service. Sales of international telecommunications service; and

Sec. 75. 36 MRSA §2557, sub-§34 is enacted to read:

34. Interstate telecommunications service. Sales of interstate telecommunications service.

Sec. 76. 36 MRSA §2865, as amended by PL 1985, c. 764, §21, is further amended to read:

§ 2865. Mine site and valuation determinations

~~The State Tax Assessor shall make the following determinations.~~

1. Mine site. ~~He~~The State Tax Assessor shall determine the area of a mine site, taking into account all relevant information, including, but not limited to, plans or permits approved under the site location of development law, Title 38, chapter 3, subchapter 1, Article 6. ~~He~~The assessor shall give notice to ~~a~~the mining company and to the municipality in which ~~a~~the mine site is located~~, in writing,~~ of ~~his~~the determination ~~and that~~. The assessor's determination ~~shall be~~is reviewable under section 151.

2. Valuation. If a mine site is located in a municipality, ~~he~~the assessor shall determine the valuation of mining property and the percentage of that valuation represented by land and buildings that are not exempt from property taxes. That valuation of land and buildings ~~shall~~must be applied in determining the property taxes. ~~A~~The municipality in which ~~a~~the mine site is located may appeal that determination to the State Board of Property Tax Review as provided ~~under~~in chapter 101, subchapter ~~II-A~~2-A.

Sec. 77. 36 MRSA §2903, sub-§4, ¶B, as enacted by PL 1997, c. 738, §4, is amended to read:

B. Brought into this State in the ordinary ~~standardized~~standard equipment fuel tank attached to and forming a part of a motor vehicle and used in the operation of that vehicle in this State;

Sec. 78. 36 MRSA §2903, sub-§4, ¶D, as amended by PL 2003, c. 588, §12, is further amended to read:

D. Bought or used ~~by any person~~ to propel ~~jet or turbojet engine~~an aircraft in international flights. For purposes of this paragraph, fuel is bought or used to propel an aircraft in an international flight if either the point of origin of the flight leg immediately preceding the delivery of the fuel into the fuel tanks of the aircraft or the destination point of the flight leg immediately following the delivery of the fuel into the fuel tanks of the aircraft is outside the United States;

Sec. 79. 36 MRSA §3202, sub-§2-D is enacted to read:

2-D. Gross gallons. "Gross gallons" means actual measured gallons of special fuel received, sold or used, without adjustment for temperature or barometric pressure.

Sec. 80. 36 MRSA §3202, sub-§5-C is enacted to read:

5-C. Retail dealer. "Retail dealer" means a person that operates in this State a place of business from which special fuel is sold at retail and delivered directly into the fuel tanks of motor vehicles or watercraft. A retailer or supplier is a retail dealer only with respect to special fuel delivered into a retail storage tank operated by that retailer or supplier or into a retail storage tank of a consignee or commission agent.

Sec. 81. 36 MRSA §3203, sub-§5, as amended by PL 1999, c. 414, §27, is further amended to read:

5. Allowance for certain losses of undyed distillates. An allowance of not more than 1/4 of 1% from the amount of undyed ~~diesel fuel~~distillates received by a supplier, plus 1/4 of 1% on all transfers in vessels, tank cars or full tank truck loads by the supplier in the regular course of business from one of the supplier's places of business to another of the supplier's places of business within the State, may be allowed by the assessor to cover the loss through shrinkage, evaporation or handling sustained by the supplier. The total allowance for these losses must be supported by documentation satisfactory to the assessor and may not exceed 1/2 of 1% of the receipts by the supplier. The allowance must be calculated on an annual basis. A further deduction may not be allowed unless the assessor is satisfied upon definite proof submitted to the assessor that a further deduction should be allowed for a loss sustained through fire, accident or some unavoidable calamity.

Sec. 82. 36 MRSA §4641-B, sub-§1, as enacted by PL 2001, c. 559, Pt. I, §4 and affected by §15, is amended to read:

1. Transfer of real property by deed. The State Tax Assessor shall provide for the collection of the tax on the transfer of real property by deed by each register of deeds ~~and for that purpose may provide for the installation of a meter machine in each registry office~~. When any deed is offered for recordation, the register of deeds shall ascertain and compute the amount of tax due on the deed and shall collect that amount. The amount of tax must be computed on the value of the property as set forth in the declaration of value prescribed by section 4641-D. Payment of tax must be evidenced by affixing ~~such indicia~~an indicium of payment ~~as~~ prescribed by the assessor to the declaration of value provided for in section 4641-D.

Sec. 83. 36 MRSA §5142, sub-§3-A, as amended by PL 2007, c. 240, Pt. V, §1, is further amended to read:

3-A. Gain or loss on sale of partnership interest. Notwithstanding subsection 3, the gain or loss on the sale of a partnership interest is sourced to this State in an amount equal to the gain or loss multiplied by the ratio obtained by dividing the original cost of partnership tangible property located in Maine by the original cost of partnership tangible property everywhere, determined at the time of the sale. Tangible property includes property owned or rented and is valued in accordance with section 5211, ~~former~~ subsection 10. If more than 50% of the value of the partnership's assets consist of intangible property, gain or loss from the sale of the partnership interest is sourced to this State in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold. For purposes of this subsection, the sales factor of a partnership is determined in accordance with section 5211, subsections 14, 15 and 16-A. This subsection does not apply to the sale of a limited partner's interest in an investment partnership where more than 80% of the value of the partnership's total assets consists of intangible personal property held for investment, except that such property cannot include an interest in a partnership unless that partnership is itself an investment partnership.

If the apportionment provisions of this section do not fairly represent the extent of the partnership's business activity in this State, the taxpayer may petition for, or the State Tax Assessor may require, in respect to all or any part of the partnership's business activity the employment of any other method to effectuate an equitable apportionment to this State of the partner's income from the sale of the partnership interest.

Sec. 84. 36 MRSA §5211, sub-§9, as repealed by PL 2007, c. 240, Pt. V, §3 and affected by §15, is reenacted to read:

9. Property factor. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this State during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period.

Sec. 85. 36 MRSA §5211, sub-§10, as repealed by PL 2007, c. 240, Pt. V, §4 and affected by §15, is reenacted to read:

10. Property valuation at original cost. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at 8 times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer.

Sec. 86. 36 MRSA §5211, sub-§11, as repealed by PL 2007, c. 240, Pt. V, §5 and affected by §15, is reenacted to read:

11. Determination of average value of property. The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the Tax Assessor may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

Sec. 87. 36 MRSA §5211, sub-§12, as repealed by PL 2007, c. 240, Pt. V, §6 and affected by §15, is reenacted to read:

12. Payroll factor. The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the tax period by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the tax period. Eighty-five percent of any amounts paid pursuant to a contract by the taxpayer to an employee-leasing company for leased employees, and 100% of the amount paid pursuant to a contract to a temporary services company for temporary employees, must be included in the taxpayer's payroll factor. The payroll factor of an employee-leasing company or a temporary services company must exclude compensation paid to leased or temporary employees who are providing personal services to client companies.

Sec. 88. 36 MRSA §5211, sub-§13, as repealed by PL 2007, c. 240, Pt. V, §7 and affected by §15, is reenacted to read:

13. When compensation paid in this State. Compensation is paid in this State, if:

A. The individual's service is performed entirely within the State; or

B. The individual's service is performed both within and without the State, but the service performed without the state is incidental to the individual's service within the State; or

C. Some of the service is performed in the State and the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the State, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this State.

Sec. 89. 36 MRSA §5215, sub-§6, as amended by PL 1993, c. 672, §1 and affected by §2, is further amended to read:

6. Recapture. If, during any taxable year, any qualified investment property is disposed of, or otherwise ceases to be property covered by subsection ~~2~~3, paragraph A with respect to the taxpayer, before the end of the useful life that was taken into account in computing the credit under subsection 1, then the tax under this Part for that taxable year must be increased by an amount equal to the aggregate decrease in the credit allowed under subsection 1 for all prior taxable years that would have resulted solely from substituting for the useful life, in determining qualified investment under the Internal Revenue Code of 1954 as of December 31, 1985, the period beginning with the time the property was placed in service by the taxpayer and ending with the time the property ceased to be property covered by subsection ~~2~~3.

Sec. 90. 36 MRSA §5219-C, as amended by PL 2007, c. 437, §18 and affected by §22, is further amended to read:

§ 5219-C. Forest management planning income credits

Once every 10 years, an individual is allowed a credit against the tax otherwise due under this Part for the lesser of $200 or the individual's cost for having a forest management and harvest plan developed by a licensed professional forester for a parcel of forest land in this State greater than 10 acres. ~~For purposes of this section, the~~The licensed professional forester may not be in the regular employ of the individual. This credit may not reduce the ~~state income~~ tax otherwise due under this Part to less than zero. An individual claiming this credit must attach a statement from the forester supporting the claim and swear that the credit has not been claimed by the individual in the previous 10 years. An individual claiming this credit who deducts the cost of the ~~forester~~forest management and harvest plan as an expense under the ~~Internal Revenue~~ Code must ~~subtract the expense from~~increase federal adjusted gross income by the amount of that expense for purposes of the tax imposed by this Part. ~~This credit may be used in any tax year beginning on or after January 1, 1989.~~

§5219-C. Investment tax credit

(REPEALED BY PL 1991, c. 377, §20)

§5219-C. Solid waste reduction investment tax credit

(REPEALED BY PL 1991, c. 377, §20)

Sec. 91. 36 MRSA §5219-K, sub-§1, as amended by PL 1999, c. 127, Pt. B, §9, is further amended to read:

1. Credit allowed. A taxpayer is allowed a credit against the tax due under this Part equal to the sum of 5% of the excess, if any, of the qualified research expenses for the taxable year~~,~~ over the base amount~~;~~ and 7.5% of the basic research payments determined under ~~subsection (e)(1)(A) of Section 41 of~~ the Code, Section 41(e)(1)(A). The term "base amount" means the average amount per year spent on qualified research expenses over the ~~last~~previous 3 taxable years by the taxpayer. ~~The~~As used in this section, unless the context otherwise indicates, the terms "qualified research expenses," "qualified organization base period amount," "basic research" and any other terms affecting the calculation of the

credit~~, unless the context otherwise requires,~~ have the same meanings as under the Code, Section 41 ~~of the Code, as amended and in effect on December 31, 1994~~, but ~~only~~ apply only to expenditures for research conducted in this State. In determining the amount of the credit allowable under this section, the State Tax Assessor may aggregate the activities of all corporations that are members of a controlled group of corporations, as defined by ~~subsection (f)(1)(A) of Section 41 of~~ the Code, Section 41(f)(1)(A) and in addition may aggregate the activities of all entities, whether or not incorporated, that are under common control, as defined by ~~subsection (f)(1)(B) of Section 41 of~~ the Code, Section 41(f)(1)(B).

Sec. 92. 36 MRSA §5219-K, sub-§3, as amended by PL 1997, c. 504, §18, is further amended to read:

3. Limitation on credit allowed. The credit allowed under this section is limited to 100% of a corporation's first $25,000 of tax due, as determined before the allowance of any credits, plus 75% of the corporation's tax due, as determined in excess of $25,000. The ~~State Tax Assessor~~assessor shall adopt rules similar to those authorized under ~~Section 38(c) (3)(B) of~~ the Code, Section 38(c)(5)(B) for purposes of apportioning the $25,000 among members of a controlled group.

Sec. 93. 36 MRSA §5219-L, sub-§1, as enacted by PL 1997, c. 557, Pt. B, §10 and affected by §14 and Pt. G, §1, is amended to read:

1. Super credit allowed for substantial expansions of research and development. A taxpayer ~~qualifying~~that qualifies for ~~a~~the research expense tax credit allowed under section 5219-K is allowed an additional credit against the tax due under this Part equal to the excess, if any, of ~~the~~ qualified research expenses for the taxable year over the super credit base amount. For purposes of this section, "super credit base amount" means the average amount spent on qualified research expenses by the taxpayer in the 3 taxable years immediately preceding the effective date of this section, increased by 50%. ~~The super credit allowed under this subsection applies only to the expenditures for research conducted in this State. The term~~For purposes of this section, "qualified research expenses" has the same meaning as under ~~Section 41 of~~ the Code, ~~as amended and in effect on December 31, 1994~~Section 41 but applies only to expenditures for research conducted in this State.

Sec. 94. 36 MRSA §5256, sub-§3, as amended by PL 1981, c. 698, §188, is further amended to read:

3. Termination of taxable year for jeopardy. Notwithstanding subsections 1 and 2, if the assessor makes a determination of jeopardy and terminates the taxpayer's taxable year under section ~~141, relating to tax in jeopardy~~145, the tax ~~shall~~must be computed for the period determined by ~~such~~that action.

Sec. 95. 36 MRSA §6651, sub-§1, as amended by PL 2007, c. 372, §1 and c. 437, §21, is repealed and the following enacted in its place:

1. Eligible property. "Eligible property" means qualified business property first placed in service in the State, or constituting construction in progress commenced in the State, after April 1, 1995 but does not include property that is eligible business equipment as defined in section 691, subsection 1. "Eligible property" includes, without limitation, repair parts, replacement parts, additions, accessions and accessories to other qualified business property placed in service on or before April 1, 1995 if the part, addition, accession or accessory is first placed in service, or constitutes construction in progress, in the State after April 1, 1995, unless that property is eligible business equipment as defined in section 691, subsection 1. "Eligible property" includes used qualified business property if the qualified business

property was first placed in service in the State, or constituted construction in progress commenced in the State, after April 1, 1995 but does not include property that is eligible business equipment as defined in section 691, subsection 1. "Eligible property" also includes inventory parts.

Sec. 96. Retroactivity. Those sections of this Act that amend the Maine Revised Statutes, Title 36, section 1752, subsection 11, paragraph B and section 1765 apply retroactively to September 20, 2007. That section of this Act that repeals and replaces Title 36, section 1811, first paragraph, applies retroactively to September 20, 2007. That section of this Act that repeals and replaces Title 36, section 2521-A applies to tax periods beginning on or after January 1, 2007. Those sections of this Act that reenact Title 36, section 5211, subsections 9 to 13 apply retroactively to June 7, 2007.