

**STATE OF MAINE**  
126<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

**JOINT STANDING COMMITTEE ON TAXATION**

July 2013

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*Joint Standing Committee on Taxation*

**LD 9 An Act To Allow the Maine Potato Board To Have Access to Information Regarding the Potato Tax**

**PUBLIC 10  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAUCIER BOYLE	OTP	

This bill permits the State Tax Assessor to disclose to the Maine Potato Board information obtained in the administration of the potato tax.

**Enacted Law Summary**

Public Law 2013, chapter 10 permits the State Tax Assessor to disclose to the Maine Potato Board information obtained in the administration of the potato tax.

Public Law 2013, chapter 10 was enacted as an emergency measure effective March 27, 2013.

**LD 10 An Act To Provide a Property Tax Exemption for Family Burying Grounds**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARVELL	ONTP	

This bill exempts family burying grounds of 1/4 of an acre or less from property taxation.

**LD 50 An Act To Exempt Fuel Used in Small Commercial Aircraft from Fuel Sales Tax**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON P	ONTP	

This bill exempts from fuel sales tax internal combustion engine fuel bought or used to propel an aircraft that weighs 6,000 pounds or less that is used for commercial aviation.

**LD 55 An Act To Promote Filmmaking in the State**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HARVELL	ONTP	

This bill provides reimbursement for expenditures made by a visual media production company for a feature film production in rural Maine that occurs primarily before January 1, 2015. Reimbursement is limited to \$800,000 and will be paid in 4 equal annual installments beginning in July 2015.

*Joint Standing Committee on Taxation*

**LD 65      An Act To Reduce the Income Tax on Capital Gains**

**ACCEPTED  
MAJORITY  
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MALABY LANGLEY	ONTP OTP-AM	

Currently under state law, long-term capital gains are taxed as regular income. This bill taxes income derived from the sale of assets held for more than one year at 3%.

**Committee Amendment "A" (H-13)**

This amendment, which is the minority report of the committee, exempts from Maine individual income tax 50% of net long-term capital gains subject to federal income tax for the taxable year. The bill created a separate capital gains income tax rate.

The amendment also adds an appropriations and allocations section to the bill. This amendment was not adopted.

**LD 73      An Act To Exempt Persons 65 Years of Age or Older Whose Income Is  
below the Poverty Line from Paying Property Taxes on Their Homes**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BEAUDOIN	ONTP	

This bill provides an exemption from property taxes for the homestead of a person who is 65 years of age or older and whose income is below certain poverty thresholds.

**LD 107      RESOLUTION, Proposing an Amendment to the Constitution of Maine  
To Permit the Legislature To Provide a One-year Period of Penalty  
Relief for Withdrawal of Forest Land from Current Use Valuation**

**ACCEPTED  
MAJORITY  
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS BURNS	ONTP OTP-AM	

This resolution proposes to amend the Constitution of Maine to permit the Legislature to provide a one-year period of relief from the penalty for withdrawal of forest land from current use valuation if the forest land has been taxed at current use valuation for at least 5 years and the owner is withdrawing at least 50% of the owner's forest land. The availability of the relief period would be limited to no more than once every 5 years.

**Committee Amendment "A" (H-14)**

This amendment, which is the minority report, adds a requirement that the owner withdrawing the forest land own no more than 25 acres of forest land taxed at current use valuation. This amendment was not adopted.

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**LD 119      An Act To Exempt from the Use Tax \$1,000 of Internet Purchases from Out-of-state Sellers      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WILSON MASON G	ONTP	

This bill allows taxpayers to exclude from their estimated use tax liability \$1,000 of annual Internet purchases from out-of-state sellers.

**LD 126      An Act To Provide a Sales Tax Exemption to Incorporated Nonprofit Performing Arts Organizations      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GERZOFSKY PRIEST	ONTP OTP-AM	

This bill provides a sales tax exemption for sales to incorporated nonprofit performing arts organizations.

**Committee Amendment "A" (S-12)**

This amendment provides a definition of "performing arts organization." This amendment was not adopted.

**Committee of Conference Amendment "A" (S-63)**

This amendment, which is the report of a committee of conference, includes a definition of "performing arts organization" and repeals the sales tax exemption for performing arts organizations on October 1, 2015. The amendment directs the joint standing committee of the Legislature having jurisdiction over taxation matters in the First Regular Session of the 127th Legislature to examine the sales tax exemption for performing arts organizations and authorizes the committee to report out a bill on this topic.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 136      An Act To Amend the Priority of Distribution of Unappropriated Surplus for the Fiscal Year Ending June 30, 2014      DIED ON ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HAYES	OTP-AM	H-82

This bill requires the application form for the Circuitbreaker Program to include a method of determining whether the property taxes being claimed have been paid at the time of application to the program. If the State Tax Assessor determines that the property taxes have not been paid, the benefit must be issued to the claimant and the municipality jointly. The municipality is required to endorse the benefit to the claimant but may withhold an amount equal to the amount of property taxes owed for the year for which the benefit is being issued. A municipality may retain an amount in excess of the amount of property taxes owed only with the express written permission of the claimant.

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**Committee Amendment "A" (H-82)**

This amendment adds a mandate preamble and an emergency preamble and emergency clause to the bill. It includes provisions with respect to the Circuitbreaker Program to address the confidentiality of claimant information at the municipal level, homestead property located in the unorganized territory and the application of program benefits to unpaid taxes. It clarifies the method for processing a joint benefit payment. It provides that the bill applies to applications for the Circuitbreaker Program filed on or after August 1, 2013 and adds an appropriations and allocations section.

This bill was placed on the Special Appropriations Table and died on adjournment.

**LD 150      An Act To Modernize State Income Tax Refunds      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUPREY	ONTP	

This bill provides that, beginning in 2014, individual income tax refunds must be made in the form of a debit card or by direct deposit, or by check if requested by a person 56 years of age or older.

**LD 167      An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of the Motor Vehicle      ACCEPTED MAJORITY (ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PATRICK	ONTP OTP-AM	

This bill changes the method of computing the excise tax that is levied on motor vehicles and camper trailers registered in the State. Current law requires that the excise tax be based upon the maker's list price for the motor vehicle; the excise tax on certain commercial motor vehicles and buses and special mobile equipment is based on the purchase price. This bill requires that the excise tax for all motor vehicles and camper trailers be based upon the purchase price of the vehicle and defines "purchase price" as the actual amount of money financed or paid by the consumer after any rebates or discounts. Either the original bill of sale or the state sales tax document may be used to verify the purchase price.

**Committee Amendment "A" (S-19)**

This amendment, which is the minority report of the committee, provides that the excise tax on a motor vehicle or camper trailer be based on the purchase price or 90% of the maker's list price if the purchase price is not available. The amendment adjusts the mill rates to minimize the loss of revenue to municipalities. Beginning in 2015, it charges the State Tax Assessor with determining mill rates that will generate an amount of municipal revenue equal to the amount collected in 2013 as adjusted by the Consumer Price Index. This amendment was not adopted.

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**LD 212      An Act To Provide a Sales Tax Refund for Tobacco Sold to a Member of      INDEF PP**  
**a Federally Recognized Indian Tribe for Cultural, Spiritual or**  
**Ceremonial Purposes**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MITCHELL HASKELL	OTP-AM	H-43

This bill provides a sales tax exemption for the purchase of cigarettes and tobacco products by adult members of federally recognized Indian tribes for cultural, spiritual or ceremonial purposes and requires the State Tax Assessor to work with representatives of federally recognized Indian tribes in the State to establish a process for adult members of federally recognized Indian tribes to purchase cigarettes and tobacco products for cultural, spiritual or ceremonial purposes without payment of the cigarette or tobacco products taxes or to obtain a refund of those taxes.

**Committee Amendment "A" (H-43)**

This amendment replaces the bill and provides a sales tax refund, rather than a sales tax exemption, for the purchase of loose tobacco for cultural, spiritual or ceremonial purposes by a member of a federally recognized Indian tribe who submits an application and provides documentation of the cost of the purchase and identification demonstrating the person is a member of a federally recognized Indian tribe. It removes provisions that include an exemption for cigarettes and other tobacco products and removes the requirement for the State Tax Assessor to work with tribal representatives to establish a process for a tax-exempt purchase. This amendment was not adopted.

**LD 234      An Act To Provide Tax Treatment Consistency for Limited Liability      CARRIED OVER**  
**Companies and S Corporations**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY NELSON	OTP-AM	

This bill allows a member of a pass-through entity, such as a limited liability company or S corporation, to receive an income tax credit against taxes imposed on that member's distributive share or pro rata share of the pass-through entity's income, and ensures that the amount used to calculate the income tax credit for certain members of pass-through entities cannot also be used as a deduction from income. This bill applies to tax years beginning on or after January 1, 2014.

**Committee Amendment "A" (S-11)**

This amendment removes references to the Maine Revised Statutes, Title 36, section 5203-C because the state alternative minimum tax imposed does not apply to resident individuals, trusts and estates or nonresident individuals, trusts and estates for tax years beginning on or after January 1, 2012. This amendment also adds an appropriations and allocations section.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

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**LD 240      An Act To Allow Motor Fuel Taxable Sales Disclosure**

**PUBLIC 25**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL	OTP	

This bill provides that monthly reports of the number of gallons of taxable gasoline and special fuel sold in the State are not confidential.

**Enacted Law Summary**

Public Law 2013, chapter 25 provides that monthly reports of the number of gallons of taxable gasoline and special fuel sold in the State are not confidential.

**LD 278      An Act To Provide Greater Access to Capital for Certain Businesses  
through Assignment of Benefits under the Business Equipment Tax  
Reimbursement Program and the Maine Employment Tax Increment  
Financing Program**

**PUBLIC 67**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PATRICK BENNETT	OTP-AM	S-21

This bill allows the Commissioner of Economic and Community Development, under extraordinary circumstances, to provide advance payments of employment tax increment financing benefits to a qualified business based on a net present value calculation of the projected employment tax increment financing benefit to the business. The advance payment must be made in the form of a loan through the Maine Rural Development Authority, pursuant to applicable conditions and requirements.

**Committee Amendment "A" (S-21)**

This amendment allows the assignment of certain claims for payment under the Business Equipment Tax Reimbursement program and Employment Tax Increment Financing Program to the Finance Authority of Maine in order to secure loans from the Finance Authority of Maine. It also permits the State Tax Assessor to make payments directly to the Finance Authority of Maine in such circumstances and to disclose otherwise protected taxpayer information to the Finance Authority of Maine necessary for the administration of the assignment and payment of the claims.

**Enacted Law Summary**

Public Law 2013, chapter 67 allows the assignment of certain claims for payment under the Business Equipment Tax Reimbursement program and Employment Tax Increment Financing Program to the Finance Authority of Maine in order to secure loans from the Finance Authority of Maine. It also permits the State Tax Assessor to make payments directly to the Finance Authority of Maine in such circumstances and to disclose otherwise protected taxpayer information to the Finance Authority of Maine necessary for the administration of the assignment and payment of the claims.

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**LD 279      An Act To Sustain Maine's Aviation Industry by Extending the Exemption from Sales and Use Tax for Aircraft and Parts**

**PUBLIC 379**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CUSHING GOODE	OTP-AM	S-55 S-335 HILL

This bill permanently exempts aircraft and aircraft parts from Maine's sales and use tax. The exemption is currently scheduled to expire on June 30, 2015.

**Committee Amendment "A" (S-55)**

This amendment extends the exemption for aircraft and aircraft parts from Maine's sales and use tax until June 30, 2033; the bill made the exemption permanent. The amendment also requires that, by June 30, 2023, the joint standing committee of the Legislature having jurisdiction over taxation matters review the tax expenditure to determine whether it provides an incentive for increasing investment in the aviation sector, attracting and retaining aviation business and the basing of aircraft in the State. The exemption is currently scheduled to expire on June 30, 2015.

**Senate Amendment "A" To Committee Amendment "A" (S-335)**

This amendment implements the substance of the changes made in Committee Amendment "A" except that it reflects the changes that were made by Public Law 2013, chapter 368, the so-called unified biennial budget bill.

**Enacted Law Summary**

Public Law 2013, chapter 379 extends the exemption for aircraft and aircraft parts from Maine's sales and use tax until June 30, 2033; exemption is currently scheduled to expire on June 30, 2015. It also requires that, by June 30, 2023, the Taxation Committee review the tax expenditure to determine whether it provides an incentive for increasing investment in the aviation sector, attracting and retaining aviation business and the basing of aircraft in the State.

**LD 316      An Act To Provide Property Tax Relief for Noncombat Veterans**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LIBBY N WHITTEMORE	ONTP	

This bill provides a \$4,500 property tax exemption to noncombat veterans. It provides the exemption to the unmarried widow or widower or minor child of a veteran who would be entitled to the exemption if living, and to the parent of a deceased veteran who would be entitled to the exemption if living, who is 62 years of age or older and is an unmarried widow or widower who is in receipt of a pension or compensation from the Federal Government based upon the service-connected death of that parent's child.

**LD 317      An Act Regarding the Business Equipment Tax Reimbursement Program and the Business Equipment Tax Exemption Program**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LIBBY N HASKELL	ONTP	

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This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to develop a process for identification of the purposes of the Business Equipment Tax Reimbursement program and the business equipment tax exemption program, create a framework for measuring the extent to which the programs meet their identified purposes and identify a mechanism for ongoing measurement of the programs' effectiveness.

**LD 318      An Act To Establish a Sales Tax Holiday for Purchases Made during  
the Month of January**

**ACCEPTED  
MAJORITY  
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RYKERSON	ONTP OTP-AM	

This bill provides a sales tax holiday during the month of January for items of tangible personal property with a price of \$1,000 or less.

**Committee Amendment "A" (H-41)**

This amendment replaces the bill and creates a one-time sales tax holiday on August 23, 2014, exempting from sales tax the purchase of individual items of clothing costing \$200 or less and individual items of schools supplies costing \$100 or less. It requires the Department of Administrative and Financial Services, Maine Revenue Services to report to the joint standing committee of the Legislature having jurisdiction over taxation matters the estimated impact of the sales tax holiday and recommendations for an annual sales tax holiday beginning in 2015. It authorizes the joint standing committee to submit a bill pertaining to the report to the First Regular Session of the 127th Legislature.

**LD 319      Resolve, To Direct the Department of Administrative and Financial  
Services, Bureau of Revenue Services To Report on Conformity with the  
Streamlined Sales and Use Tax Agreement**

**VETO  
SUSTAINED**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BERRY ALFOND	OTP-AM	H-81

Part A of this bill creates a presumption that a seller of goods or services is engaged in business in this State and therefore required to register with the State Tax Assessor as a retailer and collect and remit sales and use tax on purchases made by persons in the State, if a person affiliated with the seller has a substantial presence in the State or a person who has a substantial presence in the State engages in certain activities, such as selling a line of products similar to that of the seller or maintaining an office or distribution center in the State to facilitate the delivery of the seller's products. Alternatively, a seller is presumed to be required to register with the State and collect and remit sales and use tax if the seller has an agreement with a person to refer potential customers to the seller and the seller generates more than \$10,000 in sales in the State annually. Both presumptions may be rebutted. Part A also requires any agreement or ruling by the Governor or an executive branch department or agency that allows a seller to avoid registering as a seller to be approved by both Houses of the Legislature.

Part B directs the Department of Administrative and Financial Services, Bureau of Revenue Services to identify changes in the sales and use tax laws necessary to conform them to the national effort known as the "Streamlined Sales and Use Tax Agreement" and to submit its report and proposed legislation to the Joint Standing Committee on Taxation by January 15, 2014.

**Committee Amendment "A" (H-81)**

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This amendment changes the bill to a resolve and changes the title. It removes the emergency preamble and emergency clause. It retains that part of the bill that directs the Department of Administrative and Financial Services, Bureau of Revenue Services to identify changes in the sales and use tax laws necessary to conform them to the national effort known as the Streamlined Sales and Use Tax Agreement and to submit its report and proposed legislation to the Joint Standing Committee on Taxation by January 15, 2014.

**LD 341      An Act To Provide a Tax Credit to Employers That Hire Certain Veterans      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WILSON PLUMMER	ONTP	

This bill provides a nonrefundable income tax credit to qualified employers that hire qualified veterans in an amount equal to 10% of each veteran's compensation, up to \$1,500, as long as the veteran is employed for not less than 185 days in the taxable year. The credit may be claimed in the taxable year in which a qualified veteran is hired and the 2 following taxable years of sustained employment. The credit applies to veterans hired on or after January 1, 2013 and before January 1, 2017, and expires January 1, 2019.

**LD 346      An Act Concerning the Collection of Sales Tax by Any Businesses Making Sales to Persons in Maine      PUBLIC 200**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT KATZ	OTP-AM	H-194 S-118 HASKELL

This bill creates a presumption that a seller of goods or services is engaged in business in this State and therefore required to register with the State Tax Assessor as a retailer and collect and remit sales and use tax on purchases made by persons in the State, if a person affiliated with the seller has a substantial presence in the State or a person who has a substantial presence in the State engages in certain activities, such as selling a line of products similar to that of the seller or maintaining an office or distribution center in the State to facilitate the delivery of the seller's products. Alternatively, a seller is presumed to be required to register with the State and collect and remit sales and use tax if the seller has an agreement with a person to refer potential customers to the seller and the seller generates more than \$10,000 in sales in the State annually. Both presumptions may be rebutted. This bill also requires any agreement or ruling by the Governor or an executive branch department or agency that allows a seller to avoid registering as a seller to be approved by both Houses of the Legislature.

**Committee Amendment "A" (H-194)**

This amendment changes the title of the bill. It removes the change to the definition of "retailer." It removes the repeal of the registration requirement for every person that makes retail sales in this State of tangible personal property or taxable services on behalf of the owner of that property or the provider of those services. It removes the requirement that any agreement or ruling by the Governor or an executive branch department or agency that allows a seller to avoid registering as a seller must be approved by both Houses of the Legislature.

**Senate Amendment "A" (S-118)**

This amendment requires the Office of Fiscal and Program Review to provide an update on federal legislation that provides states with the authority to compel remote sellers to collect and remit sales tax to the state in which the purchaser is located and to identify the actions Maine needs to take in order to participate under the federal legislation. This amendment also requires the office to identify changes in the sales and use tax laws necessary to conform them to the national effort known as the Streamlined Sales and Use Tax Agreement and to submit its report

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and proposed legislation to the Joint Standing Committee on Taxation by January 15, 2014. The office is authorized to enlist the assistance of an entity outside of the Legislature to aid in completion of the report.

### **Enacted Law Summary**

Public Law 2013, chapter 200 creates a presumption that a seller of goods or services is engaged in business in this State and therefore required to register with the State Tax Assessor as a retailer and collect and remit sales and use tax on purchases made by persons in the State, if a person affiliated with the seller has a substantial presence in the State or a person who has a substantial presence in the State engages in certain activities, such as selling a line of products similar to that of the seller or maintaining an office or distribution center in the State to facilitate the delivery of the seller's products. Alternatively, a seller is presumed to be required to register with the State and collect and remit sales and use tax if the seller has an agreement with a person to refer potential customers to the seller and the seller generates more than \$10,000 in sales in the State annually. Both presumptions may be rebutted. It requires the Office of Fiscal and Program Review to provide an update on federal legislation that provides states with the authority to compel remote sellers to collect and remit sales tax to the state in which the purchaser is located and to identify the actions Maine needs to take in order to participate under the federal legislation. This amendment also requires the office to identify changes in the sales and use tax laws necessary to conform them to the national effort known as the Streamlined Sales and Use Tax Agreement and to submit its report and proposed legislation to the Joint Standing Committee on Taxation by January 15, 2014. The office is authorized to enlist the assistance of an entity outside of the Legislature to aid in completion of the report.

**LD 358      An Act To Protect Family Farms and Working Waterfront Subject to      ONTP**  
**Estate Tax and Reduce the Maine Estate Tax Exclusion**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON C LIBBY N	ONTP	

This bill reduces the \$2,000,000 Maine exclusion amount for the Maine estate tax to \$1,000,000 for the estates of decedents who die on or after January 1, 2014. It removes the value of eligible family owned and operated farmland and eligible family owned and operated working waterfront land from the calculation of the Maine estate tax for the estates of decedents who die on or after January 1, 2014.

**LD 361      An Act To Promote Plug-in Electric Vehicle Sales      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GRATWICK	ONTP	

This bill creates an income tax credit for the purchase of a qualified plug-in electric vehicle that is equal to the excise tax paid, up to \$1,000. The credit expires January 1, 2017.

**LD 400      An Act To Amend the Maine Tree Growth Tax Law      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JONES JACKSON T	ONTP	

This bill provides that a landowner applying for classification of land under the Maine Tree Growth Tax Law must attest that the harvesting of trees on the land will be performed by persons who are residents of the State and that

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forest products from the land will be processed only by processors located in the State.

**LD 401      An Act To Provide Local Sales Tax Increment Disbursements**

**DIED IN  
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHASE FLOOD	OTP-AM ONTP	H-166 S-338 HILL

This bill requires payments beginning in fiscal year 2016-17 to municipalities of an amount equal to 5% of the difference between the sales and use tax attributable to the municipality in a fiscal year and the comparable amounts for fiscal year 2015-16, referred to as the "local sales tax increment." If the amount of sales and use tax collected in a fiscal year in a municipality is below that collected in fiscal year 2015-16, then the municipality receives no payment. The amount received may not reduce any other state aid or revenue sharing received by that municipality, and the municipality must use the amount received to reduce property taxes by the same amount. The Unorganized Territory Education and Services Fund receives the same payment as municipalities and is subject to the same requirement to use the revenue to reduce property taxes.

**Committee Amendment "A" (H-166)**

This amendment requires the State Tax Assessor to determine the amount of the local sales tax increment based on available taxable retail sales data as derived from state sales tax collections excluding data reported in the categories of lodging and restaurants. The bill requires the State Tax Assessor to gather and maintain information that demonstrates the amount of revenue and the amount of local sales tax increment for each fiscal year that is attributable to each municipality and the unorganized territory. The amendment requires that the base year for determining the local sales tax increment be reset every 4 years. It clarifies that the municipality or fiscal administrator of the unorganized territory must use the local sales tax increment payments received to reduce property taxes. The amendment also adds an appropriations and allocations section.

**Senate Amendment "A" To Committee Amendment "A" (S-338)**

This amendment adds a mandate preamble.

**LD 402      An Act To Exempt Members of the Houlton Band of Maliseet Indians  
from Property Tax**

**DIED IN  
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BEAR	ONTP OTP-AM	

This bill provides that the Houlton Band of Maliseet Indians and members of the Houlton Band of Maliseet Indians are exempt from property taxes in the State.

**Committee Amendment "A" (H-11)**

This amendment, which is the minority report of the committee, incorporates a fiscal note. This amendment was not adopted.

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**LD 412      An Act To Expand Employment Tax Increment Financing To Support      ONTP**  
**Job Creation**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHENETTE	ONTP	

This bill expands the employment tax increment financing program to include for-profit businesses that add at least 2 new qualified employees within a one-year period.

**LD 427      An Act To Authorize Options for Local Revenue Enhancement      DIED BETWEEN**  
**HOUSES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACDONALD S VALENTINO	ONTP OTP-AM	

This bill allows a municipality to impose a local option sales tax, which may be seasonal, of 5% or less by local referendum.

**Committee Amendment "A" (H-363)**

This amendment, which is the minority report, limits the local option sales tax to 1%, excludes certain items from the base on which a local option sales tax may be imposed and repeals the authorization for a local option sales tax on December 31, 2016. This amendment was adopted in the House, but not in the Senate.

**LD 430      An Act To Amend the Laws Regarding Who May Appeal a      PUBLIC 45**  
**Reconsideration Decision to the Maine Board of Tax Appeals      EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMAS	OTP-AM	S-13

Under current law, a petition for appealing a tax or tax refund request that is less than \$5,000 must be appealed to Superior Court. This bill changes the threshold for an appeal to the Maine Board of Tax Appeals to \$250. It also changes the \$150 processing fee for petitions that proceed to an appeals conference to \$25 when the amount of tax or refund request in controversy is less than \$5,000 and \$250 when the amount of tax or refund request in controversy is \$5,000 or more.

**Committee Amendment "A" (S-13)**

This amendment changes the amount of tax or refund in controversy that is considered a small claim to \$1,000, rather than \$250 as provided for in the bill. It provides that a taxpayer may be represented by an attorney, certified public accountant, enrolled agent, enrolled actuary or any other person permitted to represent the taxpayer before the Maine Board of Tax Appeals. The amendment does not change the amount of the processing fee as was proposed in the bill.

**Enacted Law Summary**

Public Law 2013, chapter 45 changes the threshold for an appeal to the Maine Board of Tax Appeals rather than directly to Superior Court from \$5,000 to \$1,000. It provides that a taxpayer may be represented by an attorney,

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certified public accountant, enrolled agent, enrolled actuary or any other person permitted to represent the taxpayer before the Maine Board of Tax Appeals.

Public Law 2013, chapter 45 was enacted as an emergency measure effective March 22, 2013.

**LD 435      Resolve, To Require the State Tax Assessor To Develop Agreements with Online Retailers for the Collection of Sales and Use Tax      **ONTP****

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ALFOND KNIGHT	ONTP	

This resolve requires the State Tax Assessor to enter into negotiations and develop agreements with online retailers for the collection of Maine sales and use tax by those online retailers. An online retailer is defined as a person that makes sales to Maine residents but that does not collect sales and use tax from those Maine residents because the online retailer is not located in Maine. The State Tax Assessor is required to submit a quarterly report to the Joint Standing Committee on Taxation regarding the status of the negotiations.

**LD 436      An Act To Raise the Maximum 529 Plan Contribution Tax Deduction      **CARRIED OVER****

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAZUREK	OTP-AM	

This bill increases the maximum deduction for contributions to a qualified tuition program established under Section 529 of the United States Internal Revenue Code of 1986 to \$1,000 per designated beneficiary. The change applies to tax years beginning on or after January 1, 2013.

**Committee Amendment "A" (S-10)**

This amendment changes the increase in the maximum deduction for contributions to a qualified tuition program established under Section 529 of the United States Internal Revenue Code of 1986 to \$500 per designated beneficiary. The bill proposes an increase from \$250 to \$1,000 for tax years starting on or after January 1, 2013.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 440      An Act To Create a Tax Credit for Primary Care Professionals Practicing in Underserved Areas      **CARRIED OVER****

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T	OTP-AM	

This bill extends the existing dental care access tax credit, which currently allows the Department of Health and Human Services to certify dentists as eligible for the credit through 2015, by eliminating the repeal date of December 31, 2020. It creates a similar credit for primary care professionals practicing in underserved areas. It requires the Department of Health and Human Services oral health program to certify up to 5 eligible dentists who have unpaid student loans and practice full time for at least 5 years in an underserved area for the dental care access credit in each taxable year beginning on January 1, 2016. It requires the Department of Health and Human Services

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to certify up to 5 eligible primary care professionals who have unpaid student loans and practice full time for at least 5 years in an underserved area for the primary care access credit in each taxable year beginning on January 1, 2013. These eligible dentists and primary care professionals may claim a credit, not to exceed \$12,000, for up to 5 years or until their student loans are paid in full, whichever comes first. The credit is nonrefundable.

### **Committee Amendment "A" (S-24)**

This amendment eliminates the provision in the bill that extends the existing dental care access tax credit. It clarifies that in order to be eligible for the primary care access tax credit, the person's unpaid student loan must be owed to an institution for course work directly related to that person's training in primary care medicine. It adds an area with a medically underserved population to the definition of "underserved area." It creates a graduated schedule for claiming the credit allowing an eligible primary care professional to claim an amount equal to the annual payments made on the professional's student loan not to exceed \$6,000 in the first year, \$9,000 in the 2nd year, \$12,000 in the 3rd year, \$15,000 in the 4th year and \$18,000 in the 5th year.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

### **LD 455      An Act To Increase the State Earned Income Credit**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STUCKEY JACKSON T	OTP-AM ONTP	

This bill, beginning in 2013, increases the state earned income credit from 5% to 50% of the federal earned income credit and provides that the state earned income credit is fully refundable.

### **Committee Amendment "A" (H-15)**

This amendment changes the increase in the state earned income credit to 10% of the federal earned income credit. The bill changed it from 5% to 50%. The amendment retains the provision that the state earned income credit is fully refundable. The amendment also adds an appropriations and allocations section.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

### **LD 492      An Act To Increase Reimbursement to Municipalities under the Maine Tree Growth Tax Law**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T AYOTTE	ONTP	

This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to increase reimbursement to municipalities for property tax losses resulting from the current use classification of land under the Maine Tree Growth Tax Law.

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**LD 561 An Act To Support Maine Farms and Alleviate Hunger**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STUCKEY	ONTP	

This bill provides an income tax credit for a donation of agricultural products with a fair market value of up to \$5,000 made by a person engaged in commercial agricultural production to a nonprofit corporation that provides food to low-income individuals and that does not charge a fee for the food or require any other type of compensation. The credit is repealed December 31, 2017.

**LD 562 An Act Related to Service Charges in Lieu of Property Taxes on Tax-exempt Property**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WILSON KATZ	ONTP	

This bill permits municipalities to impose service charges on tax-exempt property owned by nongovernmental institutions and organizations other than educational institutions, houses of worship and parsonages. Service charges must be calculated to cover the cost of services provided and be based on the square footage of building space occupied by the institution or organization unless the municipality determines that a different measure more accurately represents the cost of services for which the charge is imposed. Service charges may be imposed to cover the cost of any services provided by the municipality to the property other than education or general assistance. The bill repeals an existing service charge law that applies to a limited class of property that would be covered under this bill.

**LD 563 An Act To Clarify Tax Increment Financing**

**PUBLIC 184**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROCHELO DUTREMBLE	OTP-AM	H-193

This bill makes changes to the tax increment financing laws to accomplish the following.

1. It amends the definition of "original assessed value" to provide that it means the taxable assessed value of a development district.
2. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for tax increment financing districts within a county and the requirement that acquisition of real and personal property financed by municipal indebtedness must be completed within 8 years of the approval of a district.
3. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district.
4. It expands the capital costs allowed for an eligible commercial development district and the costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located and permits the use of funds for economic development grants.

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5. It permits a municipality or plantation to delay the operational functioning of a tax increment financing district until the tax year following the tax year in which the district takes effect.

6. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body of a municipality or plantation to finance the cost of a development program within a development district.

### **Committee Amendment "A" (H-193)**

This amendment replaces the bill and changes it as follows.

1. It provides that the municipal vote provides the date for determining the original assessed value for development districts and allows flexibility in the review and approval timing by the Department of Economic and Community Development.

2. It retains language pertaining to a statutory cap on areas that may be included in a development district to maintain an exclusion that exists in current law.

3. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district and ties the start of the 30-year period to the date the municipality or plantation begins the operational function of the development program.

4. It removes the provision in the bill that allows as a proposed project cost capital costs for an eligible commercial development district.

5. It clarifies that the proposed project costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located may include scholarships for tuition at in-state educational institutions or online learning entities when in-state options are not available.

6. It removes the provision that permits a municipality or plantation to delay the operational functioning of a tax increment financing district until a later tax year and allows the municipality or plantation to continue spending tax increment financing revenues for 3 years following the final year of the tax increment financing district.

7. It permits a municipality or plantation to determine the starting date of the development program, which may be the current tax year or a subsequent tax year as specified in the development program.

### **Enacted Law Summary**

Public Law 2013, chapter 184 changes to the tax increment financing laws to accomplish the following.

1. It requires that the municipal vote provides the date for determining the original assessed value for development districts and allows flexibility in the review and approval timing by the Department of Economic and Community Development.

2. It amends the definition of "original assessed value" to provide that it means the taxable assessed value of a development district.

3. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for tax increment financing districts within a county and the requirement that acquisition of real and personal property financed by municipal indebtedness must be completed within 8 years of the approval of a district.

4. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district.

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- 5. It permits a municipality or plantation to delay the operational functioning of a tax increment financing district until the tax year following the tax year in which the district takes effect.
- 6. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body of a municipality or plantation to finance the cost of a development program within a development district.
- 7. It clarifies that the proposed project costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located may include scholarships for tuition at in-state educational institutions or online learning entities when in-state options are not available.

**LD 614      An Act To Adjust Fuel Taxes To Improve Sustainability      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PEOPLES	ONTP	

This bill changes the excise tax on gasoline, distillates and low-energy fuel from a fixed amount per gallon to a formula that includes a fixed amount per gallon plus 5% of the retail value of that gallon.

**LD 624      An Act To Encourage Local Business Involvement in Local Schools      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCCLELLAN	ONTP	

This bill provides a nonrefundable income tax credit to a qualified employer equal to the amount expended on a qualified adopt-a-school activity that benefits a public elementary or secondary school. The credit may not exceed 50% of the tax liability of the qualified employer for the taxable year before application of the credit. A qualified adopt-a-school activity includes contributing cash; donating supplies, equipment or other tangible property; providing services to a student at a qualified school at no profit to the qualified employer; providing employees of the qualified employer with paid time off to volunteer at a qualified school; and providing an internship for a student enrolled in a qualified school.

**LD 631      An Act To Change the Taxes on Fuel Purchased for Use Other Than on the Highways      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T	ONTP OTP-AM	

This bill changes the taxes on fuel purchased for use other than for vehicles used on the highways of this State from 1¢ per gallon plus 5% use tax to 5¢ per gallon with no use tax.

**Committee Amendment "A" (S-20)**

This amendment, which is the minority report, clarifies that a tax on sales, storage or use may not be collected upon or in connection with internal combustion engine fuel or special fuel for which a person has received a refund under the Maine Revised Statutes, Title 36, section 2908 or 3218.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over

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to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 692      An Act To Provide Funding for Education by Restoring the 8.5 Percent      ONTP**  
**Income Tax Rate for High-income Taxpayers**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACDONALD W	ONTP	

This bill reinstates the 8.5% tax rate for high-income taxpayers and uses the funds to assist the State in providing at least 55% of the cost of the total allocation for kindergarten to grade 12 education from General Fund revenue sources. The higher tax rates apply to individuals filing married joint returns or surviving spouses who have Maine taxable income of \$275,000 or more, heads of households who have Maine taxable income of \$206,250 or more and single individuals and married persons filing separate returns who have Maine taxable income of \$137,500 or more.

**LD 693      An Act To Provide Solar Energy Tax Credits to Maine Homeowners      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KUSIAK	ONTP	

This bill provides an income tax credit for installations of qualifying solar energy systems. The credits are \$1,000 for installations of qualifying solar energy systems on residential property and \$2,000 for installations of qualifying solar energy systems on commercial property. Installation must be certified by the Efficiency Maine Trust.

**LD 698      An Act To Provide an Exemption from Fuel and Sales Taxes to Persons      ONTP**  
**Engaged in Snowmobile Trail Grooming**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMAS CROCKETT	ONTP	

This bill makes the existing sales tax exemption for the purchase of snowmobiles and snowmobile trail grooming equipment by snowmobile clubs available to persons operating snowmobile trail grooming equipment registered with the Department of Agriculture, Conservation and Forestry, Division of Parks and Public Lands, Off-road Recreational Vehicle Division. It provides that operating registered snowmobile trail grooming equipment to groom trails financed by the Snowmobile Trail Fund is considered a commercial use for purposes of reimbursement of the tax paid on internal combustion engine fuel.

**LD 719      An Act To Ensure Access to Information in the Property Tax      PUBLIC 182**  
**Abatement Process**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON P	OTP-AM	H-190

This bill provides that a property taxpayer applying for or appealing an abatement of property taxes is entitled to notice in writing stating the reason the applicant's request was not fully granted. The bill also provides that if a decision on a request for abatement is not made within the required time period the request is deemed to be

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approved.

**Committee Amendment "A" (H-190)**

This amendment removes from the bill language establishing that if a decision on a request for abatement is not made within the required time period the request is deemed to be approved. It requires that the notice of decision regarding an abatement request include the reason or reasons supporting the decision to approve or deny the abatement request.

**Enacted Law Summary**

Public Law 2013, chapter 182 requires that the notice of decision regarding an abatement request include the reason or reasons supporting the decision to approve or deny the abatement request.

**LD 720      An Act To Eliminate Sales Tax Exemptions for Snowmobiles and      PUBLIC 86**  
**All-terrain Vehicles Purchased by Nonresidents for Use in the State**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAREAN HASKELL	OTP-AM ONTP	H-42

This bill eliminates the sales tax exemptions for all-terrain vehicles and snowmobiles purchased in the State for nonresidents who are required to register and who store or use the snowmobile or all-terrain vehicle in the State.

**Committee Amendment "A" (H-42)**

This amendment clarifies that the sales tax exemption for the purchase of a snowmobile or all-terrain vehicle by a nonresident applies only when the vehicle is intended to be driven or transported outside the State immediately upon delivery.

**Enacted Law Summary**

Public Law 2013, chapter 86 eliminates the sales tax exemptions for all-terrain vehicles and snowmobiles purchased in the State for nonresidents who are required to register and who store or use the snowmobile or all-terrain vehicle in the State. The sales tax exemption for a nonresident applies only when the vehicle is intended to be driven or transported outside the State immediately upon delivery.

**LD 728      An Act To Amend the Laws Dealing with the Taxing of the Purchase of      PUBLIC 156**  
**Extended Service Contracts and Extended Service Contract Claims for**  
**Trucks**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THOMAS DUNPHY	OTP-AM	S-53

This bill exempts from sales tax parts used in the repair of a truck pursuant to an extended service contract. Current law provides this exemption for the parts used in the repair of an automobile pursuant to an extended service contract.

**Committee Amendment "A" (S-53)**

This amendment provides that the sale of an extended service contract on a truck, as defined in the bill, is a taxable service.

**Enacted Law Summary**



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since 1997, to \$5,000,000 for investments made in 2014 or after. The bill authorizes additional tax credits of \$2,000,000 for investments made between June 1, 2013 and December 31, 2013, \$4,000,000 for investments made in calendar year 2014 and \$5,000,000 each year for investments made in each subsequent year. An investor in a venture capital fund requesting a refundable tax credit may not file for a refund until the calendar year after the calendar year in which the investment is made.

### **Committee Amendment "A" (S-213)**

This amendment clarifies that investors other than private venture capital funds are eligible for a tax credit certificate. It requires businesses applying under the Maine Seed Capital Tax Credit Program to certify that the amount of the credit is necessary to allow the business to create or retain jobs in the State. It adds a definition of "value-added" and applies it to the term "natural resource enterprise," which is a defined term. It limits the availability of the tax credit for private venture capital funds to \$500,000 times the number of investors in the fund or \$4,000,000, whichever is less.

### **Senate Amendment "A" To Committee Amendment "A" (S-341)**

This amendment limits the amount of additional seed capital tax credit certificates that may be issued to \$675,000 between January 1, 2014 and December 31, 2014, \$4,000,000 for investments made in calendar year 2015 and \$5,000,000 each year for investments made in calendar years beginning with 2016.

### **LD 762      An Act To Facilitate Collection of Property Taxes on Personal Property      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CASAVANT	ONTP	

This bill requires owners of personal property subject to property tax to provide upon request of the person responsible for assessment of taxes the information necessary to establish a lien on the personal property.

### **LD 815      An Act To Tax Political Action Committees      INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HAYES	TAX REF TO VLA	

This bill imposes a tax on political action committees equal to 5% of the amount contributed to the committees. The tax must be reported and may be paid by political action committees at the same time as campaign reports under the election laws.

### **LD 816      An Act To Reduce the Property Tax Burden and Improve the Circuitbreaker Program      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POWERS HASKELL		

This bill is a concept draft pursuant to Joint Rule 208. This bill proposes to improve the Circuitbreaker Program by simplifying the determination of eligibility, transitioning the application period to the income tax filing period, permitting application to be made through the Department of Health and Human Services' integrated eligibility system and ensuring an adequate source of funding.

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This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 834      An Act To Make the Income Tax More Equitable for Citizens of the State      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HAYES SAVIELLO	ONTP	

This bill reinstates the 8.5% tax rate for high-income taxpayers. The higher tax rates apply to individuals filing married joint returns or surviving spouses who have Maine taxable income of \$250,000 or more, heads of households who have Maine taxable income of \$187,500 or more and single individuals and married persons filing separate returns who have Maine taxable income of \$125,000 or more.

**LD 866      An Act To Create an Income Tax Credit for Educational Supplies Purchased by Public School Employees      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODALL	ONTP	

This bill provides an income tax credit of up to \$500 to teachers and educational support staff for the purchase of books, supplies, supplementary materials, services and equipment, including computer equipment and related software, that is used for teaching students at the high school level and in elementary grades in a public school.

**LD 901      An Act To Modify the Mining Excise Tax      ACCEPTED MAJORITY (ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHAPMAN	ONTP OTP-AM	

This bill establishes an annual water quality surtax on water contamination resulting from mining. The tax is equal to \$1 per gallon of groundwater and surface water that is contaminated adjusted to reflect the degree of contamination resulting from mining activities.

**Committee Amendment "A" (H-364)**

This amendment, which is the minority report, incorporates a fiscal note. This amendment was not adopted.

**LD 915      An Act To Expand the Sales Tax Exemption for Certain Public Libraries To Include Sales by Those Libraries or Their Supporting Organizations      PUBLIC 420**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TIPPING-SPITZ CAIN	OTP-AM	H-119

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This bill expands the sales tax exemption for sales to nonprofit free public lending libraries that receive public funding to include sales by those libraries or by nonprofit corporations organized to support such libraries.

### **Committee Amendment "A" (H-119)**

This amendment clarifies that the expansion of the sales tax exemption for sales to nonprofit free public lending libraries that receive public funding includes sales by those libraries or by nonprofit corporations organized to support those libraries as long as the proceeds from the sales are used to benefit those libraries.

### **Enacted Law Summary**

Public Law 2013, chapter 420 expands the sales tax exemption for sales to nonprofit free public lending libraries that receive public funding to include sales by those libraries or by nonprofit corporations organized to support such libraries.

<b>LD 916</b>	<b>An Act To Promote Investment in Maine's Communications Network and Natural Gas Network</b>	<b>CARRIED OVER</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROOKS HASKELL		

This bill provides sales tax exemptions for telecommunications equipment sold to a provider of telecommunications services and natural gas heating equipment sold to a business or residential consumer.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

<b>LD 936</b>	<b>An Act To Authorize Municipalities To Impose Service Charges on Tax-exempt Property Owned by Certain Nonprofit Organizations</b>	<b>CARRIED OVER</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHASE THIBODEAU		

This bill authorizes municipalities to impose service charges on owners of certain real property that is currently exempt from property tax.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

<b>LD 956</b>	<b>An Act To Improve and Simplify the Application for Benefits under the Circuitbreaker Program</b>	<b>ONTP</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STUCKEY	ONTP	

This bill makes the following changes to the Maine Residents Property Tax Program, also known as the Circuitbreaker Program.

1. The bill simplifies the income calculation by excluding from household income the income of dependents and

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certain miscellaneous income. It also excludes from household income other income, such as nontaxable strike benefits, but only if the total of that income is less than \$5,000.

2. The bill changes the time for filing an application. For calendar year 2013 benefits, the application period is August 1, 2014 through May 31, 2015. For calendar year 2014 benefits, the application period is August 1, 2015 through November 30, 2015. For benefit periods after 2014, the application must be filed during or after January and on or before the following November 15th.

3. The bill expands eligibility under the program by increasing maximum income thresholds from \$60,000 to \$80,000 for single-member households and from \$80,000 to \$110,000 for households with 2 or more members.

4. The bill also increases the maximum benefit from \$2,000 to \$3,000.

### **LD 979      An Act To Exempt the Sale of the United States Flag from the Sales Tax      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SHORT DUTREMBLE	ONTP OTP-AM	

This bill exempts sales of the United States flag made entirely of cloth from sales tax.

#### **Committee Amendment "A" (H-122)**

This amendment, which is the minority report, clarifies that the sales tax exemption for the United States flag applies to a flag made of cloth or similar material, but it may include grommets or noncloth fasteners for use in displaying the flag.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

### **LD 980      An Act To Provide an Income Tax Credit for a Qualified Conservation Contribution      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WELSH MAZUREK	ONTP	

This bill provides a nonrefundable income tax credit in an amount equal to 50% of a qualified conservation contribution in tax years beginning on or after January 1, 2013. The credit may be carried forward for up to 25 years.

### **LD 988      An Act To Amend the Tax Laws      PUBLIC 331**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL KNIGHT	OTP-AM	S-214

This bill makes the following changes to the laws governing taxation.

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1. It clarifies that in the Maine Revised Statutes, Title 36 "board" refers to the Maine Board of Tax Appeals only in certain provisions.
2. It clarifies language regarding a taxpayer's appeal rights by eliminating references to an informal conference. It also clarifies that a taxpayer is not limited to filing an appeal with the Superior Court when appealing a reconsideration decision. It makes those changes retroactive.
3. It corrects a reference to the state telecommunications excise tax under Title 36, section 187-B.
4. It deletes an obsolete reference to watercraft under Title 36, section 1760, subsection 45.
5. It amends the law applying the sales and use tax to casual sales of certain items, including automobiles, so that the tax does not apply when the purchaser is a corporation or other business entity and the seller owns 50% or more of the stock or other ownership interests of the purchaser.
6. It adds to the law governing the method of computing the amount of tax imposed on the gross direct premiums from insurance contracts a cross-reference to a recently enacted provision of law regarding taxation of nonadmitted insurance coverage.
7. It removes the requirement to modify the federal gross estate by the Maine qualified terminable interest property in order to avoid skewing the ratio that is applied to determine the Maine estate tax.
8. It amends the Maine estate tax law related to estates of decedents dying after 2012 pertaining to the filing requirement for the Maine estate tax to include Maine elective property and only gifts made within one year before death.
9. It simplifies and clarifies the statutory provisions that impose the Maine blueberry tax and associated reporting requirements.
10. It amends the provision regarding the income subtraction modification of military survivor benefit payments to clarify that the modification is limited to benefits paid on a death resulting from military service. It also adds a cross-reference to the individual income tax pension deduction law that applies to tax years beginning after 2013.
11. It repeals and replaces the provision regarding the income subtraction modification for non-Maine active duty military pay in order to clarify under what conditions the military pay is eligible for the modification.
12. It repeals the definition of a term relevant to the new markets capital investment credit that was erroneously included in the section of law governing the Maine capital investment credit and inserts that definition into the relevant provision. These changes are made retroactive to the effective date of the law enacting the new markets capital investment credit.
13. It deletes changes to the minimum tax credit made in Public Law 2011, chapter 644, section 27 that require the credit to be reduced by certain other refundable tax credits claimed by the taxpayer.

### **Committee Amendment "A" (S-214)**

This amendment adds Parts A and B to the bill and makes the contents of the bill Part C, as well as making further changes to the bill in Part C.

Part A:

1. Amends tax law regarding the issuance and renewal of resale certificates to provide the State Tax Assessor with

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greater flexibility in allowing the renewal of resale certificates;

2. Amends tax law regarding the imposition of the Maine estate tax lien to exempt real property passing to a surviving joint tenant who is also a surviving spouse of the decedent from the Maine estate tax lien and to provide a 10-year expiration period for Maine estate tax liens; and
3. Amends tax law concerning the income addition modification regarding certain estate tax administration expenses to include the new Maine estate tax law applicable to estates of decedents dying on or after January 1, 2013.

### Part B:

1. Gives taxpayers 20 days after filing a statement of appeal with the Maine Board of Tax Appeals in which to request an appeals conference. Unlike the current statutory language, which requires a conference to be requested in the statement of appeal, this gives a taxpayer who does not realize that conferences are available until after filing a statement of appeal the ability to request one within a reasonable amount of time; and
2. Provides in the exemptions provisions of the law regarding the confidentiality of tax records that the Department of Administrative and Financial Services, Bureau of Revenue Services may disclose to the Maine Board of Tax Appeals only confidential taxpayer information that is pertinent to an appeal before the board and that the board may disclose confidential taxpayer information only to the extent that it is necessary for the resolution of an appeal. The board may also publish its decisions in redacted format to provide guidance regarding Maine tax law to taxpayers and professionals while protecting the identity of the taxpayer involved in the appeal and any confidential tax information.

### Part C:

1. Adds to the bill's changes to a definition of "board," referring to the Maine Board of Tax Appeals, a reference to language added in Part B regarding confidential taxpayer information;
2. Changes the bill to take into account recently enacted law; and
3. Changes the bill to clarify that personal home care services are subject to the service provider tax as private nonmedical institution services are, aligning the language with that used in Department of Health and Human Services rules. It makes changes to the wild blueberry tax provisions to clarify which party is responsible for paying the tax and that the tax is levied on the unprocessed weight of the blueberries received by a processor.

### **Enacted Law Summary**

Public Law 2013, chapter 331 makes the following changes to the laws governing taxation.

1. It clarifies that in the Maine Revised Statutes, Title 36 "board" refers to the Maine Board of Tax Appeals only in certain provisions.
2. It clarifies language regarding a taxpayer's appeal rights by eliminating references to an informal conference. It also clarifies that a taxpayer is not limited to filing an appeal with the Superior Court when appealing a reconsideration decision. It makes these changes retroactive.
3. It corrects a reference to the state telecommunications excise tax under Title 36, section 187-B.
4. It deletes an obsolete reference to watercraft under Title 36, section 1760, subsection 45.
5. It amends the law applying the sales and use tax to casual sales of certain items, including automobiles, so that

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the tax does not apply when the purchaser is a corporation or other business entity and the seller owns 50% or more of the stock or other ownership interests of the purchaser.

6. It adds to the law governing the method of computing the amount of tax imposed on the gross direct premiums from insurance contracts a cross-reference to a recently enacted provision of law regarding taxation of nonadmitted insurance coverage.

7. It removes the requirement to modify the federal gross estate by the Maine qualified terminable interest property in order to avoid skewing the ratio that is applied to determine the Maine estate tax.

8. It amends the Maine estate tax law related to estates of decedents dying after 2012 pertaining to the filing requirement for the Maine estate tax to include Maine elective property and only gifts made within one year before death.

9. It simplifies and clarifies the statutory provisions that impose the Maine blueberry tax and associated reporting requirements.

10. It amends the provision regarding the income subtraction modification of military survivor benefit payments to clarify that the modification is limited to benefits paid on a death resulting from military service. It also adds a cross-reference to the individual income tax pension deduction law that applies to tax years beginning after 2013.

11. It repeals and replaces the provision regarding the income subtraction modification for non-Maine active duty military pay in order to clarify under what conditions the military pay is eligible for the modification.

12. It repeals the definition of a term relevant to the new markets capital investment credit that was erroneously included in the section of law governing the Maine capital investment credit and inserts that definition into the relevant provision. These changes are made retroactive to the effective date of the law enacting the new markets capital investment credit.

13. It deletes changes to the minimum tax credit made in Public Law 2011, chapter 644, section 27 that require the credit to be reduced by certain other refundable tax credits claimed by the taxpayer.

14. It provides greater flexibility in the renewal of resale certificates.

15. It provides for changes to reflect the estate tax law applicable to estates on or after January 1, 2013 and includes provisions for the automatic release of the estate tax lien.

16. It provides a mechanism for taxpayers to request an appeal conference after filing a statement of appeal and clarifies confidentiality provisions regarding the disclosure of taxpayer information to the Maine Board of Appeals by Maine Revenue Services.

17. It clarifies that the term "personal home care" has the same meaning as "private nonmedical institution" in the application of the service provided tax in order to align the language with that used in the Department of Health and Human Services rule.

18. It makes changes to the wild blueberry tax provisions to clarify which party is responsible for paying the tax and that the tax is levied on the unprocessed weight of the blueberries received by a processor.

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**LD 989      An Act To Conform the Maine Tax Laws for 2012 to the United States Internal Revenue Code      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL KNIGHT	ONTP	

This bill updates references to the United States Internal Revenue Code contained in the Maine Revised Statutes, Title 36 so that they refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2012 for tax years beginning on or after January 1, 2012 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986. The bill primarily affects the State's income tax laws.

See LD 1509.

**LD 996      An Act To Improve the Accuracy of Fuel Tax Reporting      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THIBODEAU VOLK	OTP-AM	

This bill improves the accuracy of Maine's fuel taxes by taking temperature into account when calculating inventory taxes on internal combustion engine fuel and special fuel. Given Maine's climate, fuel distributors, wholesalers, importers and exporters experience fuel shrinkage during cold weather periods. Currently, taxes are based on gross fuel amounts without adjustments for temperature or barometric pressure. This bill provides consistency with practices in other states by requiring that fuel be measured in gallons after it is adjusted to a temperature of 60 degrees Fahrenheit and a barometric pressure of 14.7 pounds per square inch or in gross gallons if elected by the licensed supplier or licensed distributor.

**Committee Amendment "A" (S-109)**

This amendment replaces the bill and allows, beginning with tax returns filed for calendar year 2014, an option of using net gallons, which take temperature into account, when calculating inventory taxes on internal combustion engine fuel and special fuel instead of taking the allowance for certain losses.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 998      An Act To Provide Consistency in the Application of the Property Tax Exemption for Religious Organizations      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL GOODE	OTP-AM ONTP	

This bill expands the property tax exemption for property owned by religious organizations to include all real and personal property owned and occupied or used solely for its own purposes by a religious organization in connection with religious worship and removes the \$20,000 limitation on the exemption for parsonages and the \$6,000 limitation on the exemption for personal property.

**Committee Amendment "A" (S-135)**

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This amendment changes the bill by retaining the \$20,000 limitation on the value of a parsonage. Like the bill, it expands the property tax exemption for property owned by religious organizations to include all real and personal property owned and occupied or used solely for its own purposes by a religious organization in connection with religious worship and removes the limitation of \$6,000 on the exemption for personal property. This amendment also adds an appropriations and allocations section.

This bill was committed to the Joint Standing Committee on Appropriations and Financial Affairs and carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 1007     An Act Relating to Precious Metal Coins**

**ACCEPTED  
MAJORITY  
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LIBBY A TUTTLE	ONTP OTP-AM	

This bill exempts from the sales tax gold and silver coins minted by the United States Department of the Treasury, United States Mint.

**Committee Amendment "A" (H-114)**

This amendment incorporates a fiscal note.

**LD 1099     An Act To Provide an Internship Employment Tax Credit**

**ACCEPTED  
MAJORITY  
(ONTP) REPORT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODALL	ONTP OTP-AM	

This bill creates a tax credit for employers that employ qualified interns. The employer is entitled to a nonrefundable credit equal to 10% of the wages, stipend or salary paid to the intern and may not receive more than \$3,000 in total credits for all taxable years combined. The credit applies to the wages, stipend or salary of no more than 5 interns employed at the same time.

**Committee Amendment "A" (S-95)**

This amendment, which is the minority report of the committee, adds an appropriations and allocations section to the bill.

**LD 1109     An Act To Clarify the Maine New Markets Capital Investment Program  
Tax Credit**

**PUBLIC 75  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY THOMAS	OTP-AM	H-57

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This bill amends the laws governing the Maine New Markets Capital Investment Program tax credit to clarify that the limitation on the amount of investment that may be made with respect to certain qualified active low-income community businesses is \$40,000,000 per project constructed, maintained or operated.

### **Committee Amendment "A" (H-57)**

This amendment provides that the maximum investments of \$10,000,000 and \$40,000,000 are on a per project basis regardless of whether there is common ownership of each project. It provides definitions for the term "project." It requires that projects to which the \$40,000,000 limitation applies must create or retain more than 200 jobs and that component pieces of an integrated manufacturing or production process do not qualify as a project.

### **Enacted Law Summary**

Public Law 2013, chapter 75 amends the laws governing the Maine New Markets Capital Investment Program tax credit to clarify that the limitation on the amount of investment that may be made with respect to certain qualified active low-income community businesses is \$40,000,000 per project constructed, maintained or operated. It provides that the maximum investments of \$10,000,000 and \$40,000,000 are on a per project basis regardless of whether there is common ownership of each project. It provides definitions for the term "project." It requires that projects to which the \$40,000,000 limitation applies must create or retain more than 200 jobs and that component pieces of an integrated manufacturing or production process do not qualify as a project.

Public Law 2013, chapter 75 was enacted as an emergency measure effective May 7, 2013.

### **LD 1110 An Act To Simplify the Tax Code**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PARRY COLLINS	ONTP	

This bill repeals, for tax years beginning on or after January 1, 2015, the state income tax and broadens the sales tax to include the end use of all items, products and services, including Internet sales. It repeals all sales tax exemptions. It provides a sales tax reimbursement for sales of grocery staples to persons with incomes less than \$20,000. It requires the Department of Administrative and Financial Services, Bureau of Revenue Services to submit a report to the Joint Standing Committee on Taxation that provides a plan to implement the sales tax changes and the repeal of the income tax including a timeline, cost analysis and statutory changes. It authorizes the joint standing committee to report out a bill to the Second Regular Session of the 126th Legislature based on the report.

### **LD 1113 An Act To Provide Tax Fairness to Maine's Middle Class and Working Families**

**DIED BETWEEN HOUSES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BERRY ALFOND	OTP-AM ONTP	

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes emergency legislation to accomplish the following goals:

- (1) To equalize the total state and local effective tax rate paid by low-income, middle-income and high-income Maine tax filers;

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- (2) To partially fund the income and estate tax reductions of Public Law 2011, chapter 380 by providing revenue of between \$150,000,000 and \$250,000,000 over the next 2 years; and
- (3) To maintain an equalized state and local tax rate while enabling future changes that may also simplify Maine's tax code, stabilize revenues and reduce the tax burden on Maine residents.

To accomplish these goals, the bill proposes to establish a tax equalization assessment on those income tax filers who have an annual income equal to or exceeding \$250,000, but whose total effective state and local tax rate is lower than the average effective state and local tax rate for all other Maine households. The tax equalization assessment must bring the total effective state and local tax rate of these tax filers to the average rate paid by all other Maine households, as determined by the Department of Administrative and Financial Services, Bureau of Revenue Services. The tax equalization assessment must be structured for both administrative simplicity and tax parity and must apply to tax years beginning on or after January 1, 2013.

The bill also proposes to establish a tax equalization credit for those income tax filers who have an annual income below \$125,000, but who pay a total effective state and local tax rate that is significantly higher than the average effective state and local tax rate for all other Maine households. The tax equalization credit may be structured as an expansion of an existing credit or refund or may replace and enhance such credits or refunds. The tax equalization credit must be funded entirely by the tax equalization assessment and must bring the total effective state and local tax rate of these tax filers as nearly as possible to the average rate paid by all other Maine households, as determined by the Department of Administrative and Financial Services, Bureau of Revenue Services. The tax equalization credit must be structured for both administrative simplicity and tax parity and must be made effective beginning January 1, 2016. For the purposes of calculating the tax equalization assessment and credit, the rate impact of the tax equalization assessment and credit from the previous year must be excluded from the determination of the average effective state and local tax rate paid by all Maine households.

In addition, the bill proposes that the State Tax Assessor be required to report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters each year with respect to the total effective state and local tax rate for Maine residents, nonresidents and businesses, as well as the aggregate rate impact of the tax equalization assessment and credit. Upon receiving this report, the joint standing committee of the Legislature having jurisdiction over taxation matters is authorized to report out legislation to simplify and to further equalize the tax code, as well as legislation to repeal or modify the tax equalization assessment and credit once it determines the overall state and local tax burden to be fair and proportionate for all.

### **Committee Amendment "A" (H-526)**

This amendment, which replaces the concept draft, does the following.

1. For tax years beginning on or after January 1, 2014, it requires payment of a tax equalization assessment if a tax family has an expanded income of at least \$250,000 for a tax family filing as a single individual, \$325,000 for a tax family filing as a head of a household or \$400,000 for a tax family filing a married joint return or filing a joint return as a surviving spouse, and an effective tax rate that is less than the average effective tax rate on state and local taxes paid by the bottom 99% of tax families.
2. For property tax years beginning on or after April 1, 2014, it increases the amount of the Maine resident homestead property tax exemption to \$30,000 of the just value of the homestead.
3. For application periods beginning on or after August 1, 2014, it increases the maximum payment under the Circuitbreaker Program from \$2,000 to \$2,500.

The amendment adds an appropriations and allocations section.

### **House Amendment "A" To Committee Amendment "A" (H-565)**

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This amendment:

1. Removes the changes proposed by Committee Amendment "A" to the Maine resident homestead property tax exemption and the Circuitbreaker Program;
2. Changes the effective date of the tax equalization assessment to apply to tax years beginning on or after January 1, 2013;
3. Applies the revenue generated by the tax equalization assessment to State-municipal revenue sharing for fiscal years 2013-14 and 2014-15; and
4. Authorizes the Joint Standing Committee on Taxation to report out a bill to the Second Regular Session of the 126th Legislature that increases the benefit under the Maine resident homestead property tax exemption and any other program that benefits Maine residents for property taxes imposed on their homesteads.

This amendment was adopted in the House, but was not adopted in the Senate.

**LD 1120 An Act To Improve Maine's Tax Laws**

**CARRIED OVER**

Sponsor(s)

GOODE  
HASKELL

Committee Report

Amendments Adopted

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to improve the tax laws by:

1. Amending the law to reduce the use of so-called off-shore tax havens, thus reducing the loss of revenue to the State; and
2. Establishing a task force to undertake a comprehensive analysis of the biennial report of tax expenditures prepared by the Department of Administrative and Financial Services, Bureau of Revenue Services pursuant to the Maine Revised Statutes, Title 36, chapter 10. The task force shall identify any tax expenditures that may be reduced or eliminated with the goal of achieving a targeted savings of \$30,000,000 in fiscal year 2014-15.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 1124 An Act To Provide Income Tax Relief**

**ONTP**

Sponsor(s)

STUCKEY  
ALFOND

Committee Report

ONTP

Amendments Adopted

This bill reforms the Maine income tax by establishing a rate structure that includes 6 income tax bracket thresholds with top marginal tax rates from 0% to 10%. The income thresholds for each rate are calculated by the State Tax Assessor every 5 years to maintain the same level of progressivity of the tax by maintaining the same percentage of taxpayers in each top marginal rate category.

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**LD 1126 An Act Regarding Corporate Income Tax Disclosure**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STUCKEY	ONTP	

This bill requires a corporation that files a tax return with the State to file a tax disclosure statement with the Secretary of State. It requires the Secretary of State to adopt major substantive rules for the content of the tax disclosure statement, an alternative tax disclosure statement, procedures and fees to provide public access to the tax disclosure statements, oversight and penalties for failing to file or filing an inaccurate tax disclosure statement. It permits a corporation that files a tax disclosure statement to submit supplemental information that could facilitate proper interpretation of the information included in the tax disclosure statement. It requires a corporation that files an amended tax return or with a tax liability that is changed as the result of an uncontested audit adjustment or final determination by the Department of Administrative and Financial Services, Bureau of Revenue Services, the Maine Board of Tax Appeals or Superior Court to file a revised tax disclosure statement within 60 calendar days of filing the amended return or the final determination. It requires the Secretary of State to make the tax disclosure statement available to the public on an ongoing basis in the form of a searchable database accessible through the Internet. It requires the chief operating officer of a corporation to attest in writing to the accuracy of the tax disclosure statement. It requires the Bureau of Revenue Services to act as the agent of the Secretary of State to audit a corporation's tax disclosure. It requires the Secretary of State to publish the name of and penalty imposed upon a corporation subject to a penalty for failing to file or filing an inaccurate tax disclosure statement. It permits the disclosure by employees of the Bureau of Revenue Services to designated representatives of the Secretary of State of information required by the Secretary of State for the administration of the tax disclosure statement.

**LD 1141 An Act To Increase the Sales Tax To Support Revenue Sharing**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
THERIAULT JACKSON T	ONTP	

This bill imposes an additional 1% sales tax if the amount of revenue transferred for revenue sharing is less than 5% for the prior fiscal year. If in the subsequent year the amount of revenue transferred for revenue sharing is at least 5%, the sales tax rates revert to the statutory rates for the next fiscal year.

**LD 1164 An Act To Allow Cooperative Housing Owners Who Are Blind To Qualify for the Property Tax Exemption**

**PUBLIC 416**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODALL MASON A	OTP-AM	S-80

Current law exempts from property tax the first \$4,000 of residential real estate owned and occupied by a person who is legally blind. This bill allows a person who is legally blind and who lives in cooperative housing to qualify for that same property tax exemption.

**Committee Amendment "A" (S-80)**

The amendment adds an appropriations and allocations section.

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**Enacted Law Summary**

Public Law 2013, chapter 416 allows a person who lives in cooperative housing to qualify for the existing exemption from property tax on the first \$4,000 of residential real estate owned and occupied by a person who is legally blind.

**LD 1205      An Act To Lower the Rate of Excise Tax on Older Vehicles To      ONTP**  
**Acknowledge the Longer Life Span of Motor Vehicles**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CRAY COLLINS	ONTP	

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to amend the annual excise tax that is imposed on the registration of motor vehicles. Currently, the mill rate begins at 24 mills of the maker's list price for the first model year of the motor vehicle and decreases, on a sliding scale, to 4 mills for the 6th and succeeding year of the motor vehicle. This bill would alter that scale to take into consideration, in a revenue-neutral manner, the high percentage of motor vehicles registered each year in this State that are more than 6 years old.

**LD 1206      An Act To Ensure Equity in the Taxation of Food Items      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACDONALD W	ONTP	

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to change the way the sales and use tax is applied to grocery staples, which are tax-exempt under the law except when sold in small quantities for individual use.

**LD 1207      An Act To Expand the Property Tax Exemption for Veterans Who Are      ONTP**  
**100% Disabled**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CROCKETT TUTTLE	ONTP	

Current law provides a tax exemption of up to \$6,000 of the value of property held by a veteran who is receiving any form of pension or compensation from the United States Government for total, service-connected disability. This bill provides a complete exemption from property taxes for the estate of a veteran who is receiving any form of pension or compensation from the United States Government for total, service-connected disability. The same provisions that apply to the current property tax exemptions for veterans apply to the exemption established in this bill, including requiring the veteran to be a resident of this State, allowing the exemption for property held in a revocable living trust or that is cooperative housing and requiring the State to reimburse a municipality for 90% of the portion of the lost property tax revenue that exceeds 3% of the total municipal property tax levy.

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**LD 1218 An Act To Amend the Law Regarding Affordable Housing Tax Increment Financing**

**PUBLIC 312**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MOONEN	OTP-AM ONTP	H-307

This bill includes the costs of case management and support services in the authorized project costs allowable for financing under an affordable housing tax increment financing program.

**Committee Amendment "A" (H-307)**

This amendment replaces the bill with the following changes.

1. It provides that the municipal vote becomes the effective original assessed value date and allows flexibility in the review and approval of an affordable housing development district by the Maine State Housing Authority.
2. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for the affordable housing development districts within a county and the requirement that acquisition, construction and property improvements included within the affordable housing development program financed by municipal bonded indebtedness must be completed within 5 years of the approval of a district.
3. It clarifies the duration of an affordable housing development program.
4. It includes operational costs, in addition to the costs of case management and support services provided for in the bill, in the authorized project costs allowable for financing under an affordable housing tax increment financing program.
5. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body of a municipality or plantation to finance the cost of an affordable housing development program within an affordable housing development district.

**Enacted Law Summary**

Public Law 2013, chapter 312 makes the following changes to affordable housing tax increment financing program.

1. It provides that the municipal vote becomes the effective original assessed value date and allows flexibility in the review and approval of an affordable housing development district by the Maine State Housing Authority.
2. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for the affordable housing development districts within a county and the requirement that acquisition, construction and property improvements included within the affordable housing development program financed by municipal bonded indebtedness must be completed within 5 years of the approval of a district.
3. It clarifies the duration of an affordable housing development program.
4. It includes operational costs, in addition to the costs of case management and support services in the authorized project costs allowable for financing under an affordable housing tax increment financing program.
5. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body

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of a municipality or plantation to finance the cost of an affordable housing development program within an affordable housing development district.

**LD 1226 An Act To Improve Maine Veterans' Property Tax Exemptions**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CLEVELAND HILL	ONTP	

Current law provides a property tax exemption to a veteran of the Armed Forces of the United States but only if the veteran served during a federally recognized war period or was disabled during active military service. The amount of the exemption varies depending on when the veteran served and whether the veteran is a paraplegic. This bill removes the requirement that the veteran must have served during a federally recognized war period, making the exemption available to all veterans of the Armed Forces of the United States. This bill does not change the amounts of the exemption or the other qualifying conditions.

**LD 1227 An Act To Promote Tourism and Economic Development**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHIPMAN	ONTP	

This bill increases the sales tax on lodging from 7% to 12% beginning October 1, 2013. Sixty percent of the revenue attributable to the tax increase is distributed to the Tourism Marketing Promotion Fund, and 40% is distributed to the municipality in which the living quarters that generated the revenue are located.

**LD 1228 An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2013-14**

**PUBLIC 174  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM	H-167

This bill establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory.

**Committee Amendment "A" (H-167)**

This amendment incorporates a fiscal note.

**Enacted Law Summary**

Public Law 2013, chapter 174 establishes municipal cost components for state and county services provided to the unorganized territory that would be paid for by a municipality. The municipal cost components constitute the property tax for the unorganized territory. Public Law 2013, chapter 174 was enacted as an emergency measure effective May 30, 2013.



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This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to allow a municipality to impose an additional tax, up to 2%, on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp in that municipality and on prepared food sold in that municipality.

**LD 1326      An Act To Prevent Youth Tobacco Use      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROCHELO GOODALL	ONTP	

This bill requires that all tobacco products be taxed at rates equivalent to the current tax on cigarettes. The bill provides an appropriations and allocations section to fund anticipated increased demand on the tobacco hotline for those people who are seeking to quit tobacco use.

**LD 1370      An Act To Exempt from Sales Tax the Sales of Adaptive Equipment To      HELD BY  
Make a Vehicle Handicapped Accessible      GOVERNOR**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAUCIER JACKSON T	OTP-AM	H-192 S-361 HILL

Under current law, adaptive equipment installed on a motor vehicle owned by a person with a disability to make the vehicle operable or accessible by a person with a disability is exempt from the excise tax. This bill exempts from sales tax the sales of adaptive equipment to a person with a disability or a family member of a person with a disability for installation in or on a motor vehicle to make the vehicle accessible by a person with a disability.

**Committee Amendment "A" (H-192)**

The bill exempts from sales tax sales of adaptive equipment to a person with a disability or a family member of a person with a disability for installation in or on a motor vehicle to make the vehicle operable or accessible by a person with a disability. This amendment instead provides that the exemption applies to sales of such equipment to a person with a disability or a person at the request of a person with a disability for installation in or on a motor vehicle to make the vehicle operable or accessible by a person with a disability who is issued a disability plate or placard by the Secretary of State. The amendment also provides an effective date of October 1, 2013.

**Senate Amendment "A" To Committee Amendment "A" (S-361)**

This amendment changes the effective date from October 1, 2013 to July 1, 2014.

**LD 1379      An Act Regarding the Valuation of Certain Vehicles      PUBLIC 263**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JACKSON T	OTP-AM	S-215

This bill directs the State Tax Assessor to value a vehicle that is restored or reconstructed using a prepackaged kit that may include a frame, front axle or body but does not include a power train or engine at the price of the

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prepackaged kit.

**Committee Amendment "A" (S-215)**

This amendment replaces the bill and clarifies that for trucks or truck tractors registered for more than 26,000 pounds that have been reconstructed using a prepackaged kit that may include a frame, front axle or body but does not include a power train or engine and for which a new certificate of title is required to be issued, the amount of excise tax due is based on the maker's list price of the prepackaged kit.

**Enacted Law Summary**

Public Law 2013, chapter 263 provides that, for excise tax purposes, a truck that is 26,000 pounds or more that is reconstructed using a prepackaged kit that may include a frame, front axle or body but does not include a power train or engine and for which a new certificate of title is required, is valued at the price of the prepackaged kit.

**LD 1402      An Act To Amend the Taxes Imposed on Alcohol and Lodging      CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MOONEN		

Part A repeals the excise taxes and premiums imposed on spirits, wine and malt liquor and the requirements regarding those excise taxes and premiums.

Part B increases the sales and use tax imposed on lodging from 7% to 9% and on liquor sold for consumption on or off the premises of licensed establishments from 7% to 9%. Part B also amends the exemption of casual rentals of living quarters to decrease the exempt period from fewer than 15 days to fewer than 8 days.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 1406      An Act To Reduce Youth Smoking and Improve Public Health by      ONTP**  
**Increasing Revenue from the Cigarette Tax to the Fund for a Healthy**  
**Maine and To Pay Debts Owed to Health Care Providers**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FARNSWORTH	ONTP	

This bill increases the cigarette tax by \$1.50 per package, from \$2.00 to \$3.50, to help deter the initial use of cigarettes by youth. It includes an appropriations and allocations section to fund certain programs through the Fund for a Healthy Maine and provides that any remaining funds must be used to retire debts owed to health care providers for services provided prior to December 1, 2012.

**LD 1409      An Act To Promote Tourism and Foster Economic Development      DIED BETWEEN**  
**HOUSES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HAMANN VALENTINO	OTP-AM ONTP	

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This bill provides a refundable income tax credit for a major visual media production company equal to a percentage of expenses. The major visual media production company is eligible in an amount up to 25% if the overall budget is greater than \$1,000,000 but less than or equal to \$100,000,000 and up to 35% if the overall budget is greater than \$100,000,000.

### **Committee Amendment "A" (H-401)**

This amendment changes the bill by removing the emergency provisions and clarifying that the credit is fully refundable. It clarifies that a visual media production may include content produced for the Internet and that the certified major visual media production credit must be claimed in the taxable year in which the major visual media production is completed. It removes the 35% credit for major visual media productions of over \$100,000,000, the requirement for 50% of the positions to be filled by in-state residents and the requirement for the productions to include trailers and commercials. It provides that the application fee, which is 0.2% of tax credit, is nonrefundable and can be no less than \$200 and no more than \$5,000. It specifies that a major visual media production expense does not include any single item with a value of \$500,000 or more that is not owned and retained for use in future productions by a major visual media production company. It repeals the credit on December 31, 2017.

<b>LD 1414</b>	<b>Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory</b>	<b>RESOLVE 32</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL KNIGHT	OTP-AM	S-72

This resolve authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

### **Committee Amendment "A" (S-72)**

This amendment incorporates a fiscal note.

### **Enacted Law Summary**

Resolve 2013, chapter 32 authorizes the State Tax Assessor to convey the interest of the State in several parcels of real estate in the Unorganized Territory.

<b>LD 1421</b>	<b>An Act To Permit a Student Holding a Degree from a Non-Maine Institution To Participate in the Job Creation Through Educational Opportunity Program</b>	<b>CARRIED OVER</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
NADEAU C THIBODEAU		

This bill provides that an individual whose associate degree or bachelor's degree was obtained from an accredited non-Maine institution may participate in the Job Creation Through Educational Opportunity Program if the degree obtained was not available from an accredited Maine institution.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

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**LD 1446 An Act To Review Tax Expenditures on a Revolving Basis**

**LEAVE TO  
WITHDRAW**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HASKELL KNIGHT		

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters to review tax expenditures on an 8-year cycle. The bill also requires analysis by the committee of the process for review of tax expenditures and a determination of the most effective way to identify the purpose of each tax expenditure, methods of evaluating the tax expenditures and the best method of ensuring effective review of tax expenditures including the advisability of subjecting each tax expenditure to a periodic automatic repeal with legislation needed to keep the tax expenditure in operation. The committee is directed to submit legislation to implement the results of its review to the Second Regular Session of the 126th Legislature.

**LD 1463 An Act To Examine Best Practices Relating to Tax Expenditures**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROTUNDO KNIGHT		

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to direct the Joint Standing Committee on Taxation to examine best practices relating to tax expenditures. The committee will examine various approaches to tax expenditures, including but not limited to placing a cap on tax expenditures and developing expenditure budgets, in order to determine the best way to achieve the goals of tax expenditures in the most effective and efficient manner possible and to ensure transparency and accountability.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

**LD 1477 An Act To Impose a Temporary One Percent Sales Tax for Education and Revenue Sharing**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GIDEON	ONTP	

This bill imposes an additional 1% sales and use tax on items of personal property and taxable services currently subject to the 5% sales and use tax. The additional tax is collected and remitted and is subject to the same requirements as the 5% sales and use tax. Of the revenue generated by the 1% sales and use tax, 70% is transferred to general purpose aid for local schools and 30% is transferred to the Local Government Fund to be used for revenue sharing. If the amount of revenue generated in a fiscal year exceeds \$280,000,000, the excess amount is transferred for revenue sharing.

The additional 1% sales and use tax may be decreased to 0.5% and then eliminated if General Fund revenues for any fiscal year, as determined by the State Controller at the close of the fiscal year, exceed those of the previous

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fiscal year by 8% or more for that fiscal year.

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters, each time the additional sales and use tax is decreased, to examine the sales tax exemptions and determine whether those sales tax exemptions serve a purpose beneficial to the State that outweighs the cost of those sales tax exemptions.

**LD 1478      An Act To Avoid Potential Loss of Revenue by Municipalities and the Unorganized Territory from Donated Property      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON D TUTTLE	ONTP	

This bill provides that the property tax exemption for publicly owned property does not apply to property donated to a public entity on or after October 1, 2013 unless the donation is approved by the legislative body of the municipality where the property is located or, in the case of property located in the unorganized territory, by the county commissioners of the county where the property is located or the donor establishes an account to make payments in lieu of taxes.

**LD 1488      An Act To Create a Tax Expenditures Budget Process      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CAIN ROTUNDO	ONTP	

This bill requires the joint standing committee of the Legislature having jurisdiction over taxation matters to review all tax expenditures in odd-numbered years and submit a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs recommending retention, amendment or repeal of tax expenditures described in the biennial report to the committee by the Department of Administrative and Financial Services, Bureau of Revenue Services. The bill also requires gross unified budget bills to include a part indicating the Legislature's support for tax expenditures and requires the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs to consider the report from the joint standing committee of the Legislature having jurisdiction over taxation matters when reviewing that part of the budget bill.

**LD 1496      An Act To Modernize and Simplify the Tax Code      ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KNIGHT WOODBURY	ONTP	

This bill is a concept draft pursuant to Joint Rule 208.

This bill would overhaul Maine's tax code. It is designed to raise a larger share of tax revenues from nonresidents, while relieving the tax burden on year-round residents. The bill reduces Maine state income taxes, corporate income taxes and homestead property taxes; moderates the regressivity of sales and property taxes on lower-income households; stabilizes tax revenues; and creates a more attractive tax environment for individuals and businesses that locate in Maine. Because nonresidents share many of the benefits of Maine's communities, roads, hospitals, environment and quality of life while they are here, while avoiding many of the taxes paid by residents only, the reforms also reflect a fairer apportionment of government costs.

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The bill accomplishes its objectives by increasing revenues from sales and excise taxes, which are paid by both residents and nonresidents in proportion to the time they spend here, and by collecting less from income taxes and homestead property taxes, which are paid almost entirely by residents.

The bill creates 2 refundable tax credits. A sales tax fairness credit is designed to offset the regressive burden of sales taxes on lower-income families. A property tax fairness credit, combined with the increased homestead exemption, is designed to offset the regressive burden of property taxes.

This bill more carefully targets property tax relief to owners of homestead property and to municipalities with higher property tax mill rates and higher overall tax burdens. The plan also provides proportionately more relief to households with lower incomes and lower property wealth, moderating the regressive impact of the property tax.

1. Homestead property tax exemption. The bill increases the homestead property tax exemption to \$50,000 except that the exemption may not exceed 50% of the value of the homestead. Municipalities would be reimbursed by the State for half of the cost of the homestead exemption. Payment from the State to municipalities for homestead tax relief would be over \$120,000,000 annually. A large majority of resident homeowners will see property tax reductions of over \$500; many will see property tax reductions of \$1,000 or more.
2. State-municipal revenue sharing. The bill replaces the current state-municipal revenue sharing formula by providing for the transfer of 1.5% of sales and income tax revenue to be distributed only to municipalities with higher mill rates, using the new so-called Revenue Sharing II formula enacted in the 125th Legislature. Payment from the State to municipalities for municipal revenue sharing would be over \$40,000,000 annually.
3. Property tax fairness credit. The bill replaces the Circuitbreaker Program with a new property tax fairness credit that is administered as an integral component of Maine income tax returns. The new program is greatly simplified as compared to the Circuitbreaker Program. The property tax fairness credit refunds to taxpayers half of the amount by which property taxes exceed 6% of income, up to a maximum refund of \$1,000 per household. Only the first \$250,000 of property value qualifies for the property tax fairness credit. Renters also qualify for credit, using 15% of their rent as the portion of rent that is eligible for the credit. Tax abatements provided by municipalities for hardship must be subtracted when calculating the property tax fairness credit.
4. Property tax exemption for certain property. The bill amends the property tax exemption for certain private nonprofit institutions and organizations. The full 100% exemption would be retained for the first \$250,000 of just value. The exemption would be reduced from 100% of the full just value of the property to 75% for the portion of just value exceeding \$250,000. The full 100% exemption would be retained for places of worship, and the tax treatment of parsonages would be unchanged from current law.
5. Telecommunications excise tax. The bill returns the taxation of telecommunications personal property to municipalities rather than being collected by the State. Revenues from the telecommunications excise tax remain with municipalities to assist with local budgets.
6. Business equipment tax reimbursement. The bill provides for full funding of property tax reimbursements to businesses under the BETR program up to the 12-year period of service originally covered under the program. Continuing reimbursements after the first 12 years of service are eliminated.
7. Government efficiency grants. The bill provides \$1,000,000 in funding annually from the General Fund to the Fund for the Efficient Delivery of Local and Regional Services to be used for grants to municipalities to increase collaboration in service delivery and to identify other cost efficiencies in governance.

This bill reduces income taxes for most Maine taxpayers. The simplified lower-rate system provides incentives for persons to locate their homes and businesses in Maine thereby increasing jobs and laying the foundation for a more

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prosperous economic future.

1. Individual income tax reform. The bill imposes a maximum 4% total income tax rate, eliminates nearly all deductions from income and computes a household's income tax assessment based on federal adjusted gross income. Progressivity in tax rates is achieved using 2 new refundable tax credits administered in conjunction with the income tax filing, a sales tax fairness credit and a property tax fairness credit. These credits create a more integrated tax system that promotes progressivity in the combined burden of all state and local taxes, including income, sales and property taxes.

The base sales tax fairness credit is set at \$1,000 for single filers or \$2,000 for joint filers, plus \$500 per dependent and \$500 per member of the household over 65 years of age. The credit amount is phased out as income rises. This credit is refundable up to \$500 for single filers or \$1,000 for joint filers, plus \$100 per dependent and \$100 per member of the household over 65 years of age, up to a maximum household refund of \$1,500. The property tax fairness credit, already described, is fully refundable up to \$1,000.

The sales tax fairness credit is automatically integrated into the tax or refund computation and is dependent on income and filing status only. The property tax fairness credit is also computed as part of the taxpayer's annual tax return, but varies based on the property taxes actually paid. The net distributional impact of the income tax, after accounting for the sales tax fairness credit, is as follows. Those households that are also eligible for the property tax fairness credit would have a smaller tax or a larger refund.

A. Single filers. As structured, and without accounting for the property tax fairness credit, single filers with income below \$8,800 would pay no income taxes and would receive the full refundable sales tax fairness credit of \$500. Single filers with income between \$8,800 and \$17,600 would owe no taxes and would receive a refundable credit of less than \$500, with the amount phasing out over this income range. Single filers with income between \$17,600 and \$60,000 would also be eligible for the sales tax fairness credit as an offset to their income taxes but would owe a net tax. Their total effective tax rate would increase progressively with income. Single filers with income above \$60,000 would pay the full 4% income tax rate on all of their adjusted gross income.

B. Joint filers with no dependents. Joint filers with no dependents and income below \$17,600 would pay no income taxes and would receive the full refundable sales tax fairness credit of \$1,000. Joint filers with income between \$17,600 and \$35,300 would owe no taxes and would receive a refundable credit of less than \$1,000, with the amount phasing out over this income range. Joint filers with income between \$35,300 and \$120,000 would also be eligible for the sales tax fairness credit as an offset to their income taxes but would owe a net tax. Their total effective tax rate would increase progressively with income. Joint filers with income above \$120,000 would pay the full 4% income tax rate on all of their adjusted gross income.

C. Four-person families. Four-person families with income below \$27,700 would pay no income taxes and would receive the full refundable sales tax fairness credit of \$1,200. Four-person families with income between \$27,700 and \$46,100 would owe no taxes and would receive a refundable credit of less than \$1,200, with the amount phasing out over this income range. Four-person families with income between \$46,100 and \$120,000 would also be eligible for the sales tax fairness credit as an offset to their income taxes but would owe a net tax. Their total effective tax rate would increase progressively with income. Four-person families with income above \$120,000 would pay the full 4% income tax rate on all of their adjusted gross income.

The bill repeals nearly all income tax deductions, including deductions for home mortgage interest, real estate taxes paid, medical and dental expenses, charitable contributions, theft and casualty losses, other itemized deductions, affordable housing, social security benefits taxable at the federal level, contributions to capital construction funds, premiums paid for long-term care insurance, pension income and contributions to qualified tuition plans under Section 529 of the United States Internal Revenue Code of 1986, so-called 529 plans.

The bill repeals most income tax credits prospectively, allowing the continued carry-forward of tax credits for

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projects and initiatives already awarded or accrued but eliminating new or future credit awards. Prospectively eliminated credits include the jobs and investment tax credit, the credit for contributions to family development account reserve funds, the credit for employer-assisted day care, the credit for employer-provided long-term care benefits, the credit for educational opportunity, the retirement and disability credit, the forest management planning income credits, the high-technology investment tax credit, the credit for dependent health benefits paid, the quality child care investment credit, the earned income credit, the Pine Tree Development Zone tax credit, the biofuel commercial production and commercial use credit, the tax benefits for media production companies, the dental care access credit, the new markets capital investment credit, the credit for wellness programs, the credit for Maine fishery infrastructure investment and the Maine Public Employees Retirement System innovation finance credit.

2. Corporate income taxes. The bill reduces corporate income tax rates to 3.5% on income up to \$50,000 and to 7.5% on income above \$50,000.

3. Estate tax. The bill repeals the estate tax.

The bill raises about \$700,000,000 in additional sales and excise tax revenues annually, paid by both residents and nonresidents in rough proportion to the time they spend in Maine. These revenues are redirected to provide tax relief that goes almost entirely to residents. The net result of this restructuring is an increased revenue contribution from nonresidents and a reduced revenue contribution from residents. The additional burden of sales taxes on lower-income and middle-income taxpayers is offset by the sales tax fairness credit that is administered in conjunction with the income tax.

1. Expanded sales tax base. The sales tax would be applied to nearly all consumer purchases with the exception of health care and education, raising about \$400,000,000 in additional sales tax revenues annually. While the specific definitions for the expanded sales tax base will need to be constructed with advisory expertise from Maine Revenue Services, many consumer purchases in the following sales categories would become taxable: amusement, entertainment and recreational services; groceries; coal, oil, gas and wood for cooking and heating; residential electricity; publications; coin-operated vending machines; residential water; personal care services; personal property services; real property services; elective cosmetic services; funeral services; barber shop, beauty parlor and health club services; cleaning, storage and repair of clothing and shoes; business and legal services purchased by consumers; other professional services purchased by consumers; informational services purchased by consumers; certain transportation and storage services; installation, repair, maintenance and other labor service fees; basic cable and satellite television services; telecommunications services; and meals served in cafeterias and dining halls. The sales tax treatment of leasing and rentals would be revised to be more consistent with the treatment of such transactions in most other states.

2. Sales and excise tax rate increases. The bill increases certain sales and excise tax rates, raising about \$300,000,000 in additional revenues annually. The general sales tax rate increases from 5% to 6%. The service provider tax rate increases from 5% to 6%. The cigarette tax increases from \$2 to \$3.50. The taxes on other tobacco products are raised to a level that is equalized with cigarettes. The tax rate on prepared foods increases from 7% to 8%, and the definition of "prepared foods" is expanded. The total excise tax rate on malt liquor and hard cider products increases from 35¢ to 70¢ per gallon. The total excise tax rate on wine increases from 60¢ to \$1.20 per gallon. The tax rate on automobile rentals increases from 10% to 15%.

The tax rate on lodging increases from 7% to 8%, plus an additional 2% to be allocated to the Tourism Marketing Promotion Fund. This 2% set aside would replace the allocation to the Tourism Marketing Promotion Fund from the tax on lodging and prepared meals and increase the resources available for tourism promotion from \$10,000,000 to \$16,000,000.

The real estate transfer tax on residential property increases from 0.44% to a progressive rate structure. Residential real estate with a value of less than \$250,000 would be taxed at 0.6%. Residential real estate



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This bill was acted upon without reference to committee.

As enacted in Public Law 2013, chapter 368, a taxpayer seeking a business equipment tax exemption and owning property exceeding 2% of the total valuation of the municipality is required to provide annually to the municipality income and expense information that is sufficient for the State Tax Assessor to determine the value of all property owned by the taxpayer located in the municipality as well as the property for which exemption is sought. The taxpayer's property is ineligible for the business equipment tax exemption if the taxpayer fails to provide sufficient information.

This bill delays by one year the effective date of the reporting requirements to apply to property tax years beginning on or after April 1, 2014. This bill applies the change in the application date retroactively to June 26, 2013, the effective date of Public Law 2013, chapter 368.

### **Enacted Law Summary**

Public Law 2013, chapter 385 delays by one year the effective date of the reporting requirements to apply to property tax years beginning on or after April 1, 2014.

Public Law 2013, chapter 385 was enacted as an emergency measure effective July 1, 2013 and applies retroactively to June 26, 2013, the effective date of Public Law 2013, chapter 368.

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## SUBJECT INDEX

### *Administration of Tax Laws*

#### Enacted

LD 430	An Act To Amend the Laws Regarding Who May Appeal a Reconsideration Decision to the Maine Board of Tax Appeals	PUBLIC 45 EMERGENCY
LD 988	An Act To Amend the Tax Laws	PUBLIC 331

### *Cigarette and Tobacco Taxes*

#### Not Enacted

LD 1326	An Act To Prevent Youth Tobacco Use	ONTP
LD 1406	An Act To Reduce Youth Smoking and Improve Public Health by Increasing Revenue from the Cigarette Tax to the Fund for a Healthy Maine and To Pay Debts Owed to Health Care Providers	ONTP
LD 1535	An Act To Provide Maine's Businesses Tax Relief for Destroyed or Stolen Products	CARRIED OVER

### *Estate Tax*

#### Not Enacted

LD 358	An Act To Protect Family Farms and Working Waterfront Subject to Estate Tax and Reduce the Maine Estate Tax Exclusion	ONTP
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### *Excise Tax*

#### Enacted

LD 1379	An Act Regarding the Valuation of Certain Vehicles	PUBLIC 263
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#### Not Enacted

LD 167	An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of the Motor Vehicle	MAJORITY (ONTP) REPORT
LD 1205	An Act To Lower the Rate of Excise Tax on Older Vehicles To Acknowledge the Longer Life Span of Motor Vehicles	ONTP
LD 1534	An Act To Allow a Motor Vehicle Excise Tax Credit for a Vehicle No Longer in Use	INDEF PP

### *Fuel Tax*

#### Enacted

LD 240	An Act To Allow Motor Fuel Taxable Sales Disclosure	PUBLIC 25
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#### Not Enacted

LD 50	An Act To Exempt Fuel Used in Small Commercial Aircraft from Fuel Sales Tax	ONTP
LD 614	An Act To Adjust Fuel Taxes To Improve Sustainability	ONTP
LD 631	An Act To Change the Taxes on Fuel Purchased for Use Other Than on the Highways	CARRIED OVER

**Fuel Tax**

**Not Enacted**

LD 996      An Act To Improve the Accuracy of Fuel Tax Reporting      CARRIED OVER

**Income Tax - General**

**Not Enacted**

LD 150      An Act To Modernize State Income Tax Refunds      ONTP

LD 692      An Act To Provide Funding for Education by Restoring the 8.5 Percent  
Income Tax Rate for High-income Taxpayers      ONTP

LD 834      An Act To Make the Income Tax More Equitable for Citizens of the State      ONTP

LD 1256      An Act To Establish Tax Fairness      ONTP

**Income Tax Conformity**

**Not Enacted**

LD 989      An Act To Conform the Maine Tax Laws for 2012 to the United States  
Internal Revenue Code      ONTP

**Income Tax Credits, Exemptions, Deductions and Incentives**

**Enacted**

LD 1109      An Act To Clarify the Maine New Markets Capital Investment Program Tax  
Credit      PUBLIC 75  
EMERGENCY

LD 1218      An Act To Amend the Law Regarding Affordable Housing Tax Increment  
Financing      PUBLIC 312

**Not Enacted**

LD 55      An Act To Promote Filmmaking in the State      ONTP

LD 65      An Act To Reduce the Income Tax on Capital Gains      MAJORITY  
(ONTP) REPORT

LD 234      An Act To Provide Tax Treatment Consistency for Limited Liability  
Companies and S Corporations      CARRIED OVER

LD 341      An Act To Provide a Tax Credit to Employers That Hire Certain Veterans      ONTP

LD 361      An Act To Promote Plug-in Electric Vehicle Sales      ONTP

LD 436      An Act To Raise the Maximum 529 Plan Contribution Tax Deduction      CARRIED OVER

LD 440      An Act To Create a Tax Credit for Primary Care Professionals Practicing in  
Underserved Areas      CARRIED OVER

LD 455      An Act To Increase the State Earned Income Credit      CARRIED OVER

LD 561      An Act To Support Maine Farms and Alleviate Hunger      ONTP

LD 624      An Act To Encourage Local Business Involvement in Local Schools      ONTP

LD 693      An Act To Provide Solar Energy Tax Credits to Maine Homeowners      ONTP

## *Income Tax Credits, Exemptions, Deductions and Incentives*

### Not Enacted

LD 743	An Act To Extend and Improve the Maine Seed Capital Tax Credit Program	HELD BY GOVERNOR
LD 866	An Act To Create an Income Tax Credit for Educational Supplies Purchased by Public School Employees	ONTP
LD 980	An Act To Provide an Income Tax Credit for a Qualified Conservation Contribution	ONTP
LD 1099	An Act To Provide an Internship Employment Tax Credit	MAJORITY (ONTP) REPORT
LD 1409	An Act To Promote Tourism and Foster Economic Development	DIED BETWEEN HOUSES
LD 1421	An Act To Permit a Student Holding a Degree from a Non-Maine Institution To Participate in the Job Creation Through Educational Opportunity Program	CARRIED OVER

### *Meals and Lodging Tax*

### Not Enacted

LD 1227	An Act To Promote Tourism and Economic Development	ONTP
LD 1314	An Act To Allow a Local Option Tax on Meals and Lodging	ONTP
LD 1402	An Act To Amend the Taxes Imposed on Alcohol and Lodging	CARRIED OVER

### *Miscellaneous Taxes*

### Enacted

LD 9	An Act To Allow the Maine Potato Board To Have Access to Information Regarding the Potato Tax	PUBLIC 10 EMERGENCY
LD 278	An Act To Provide Greater Access to Capital for Certain Businesses through Assignment of Benefits under the Business Equipment Tax Reimbursement Program and the Maine Employment Tax Increment Financing Program	PUBLIC 67

### Not Enacted

LD 815	An Act To Tax Political Action Committees	INDEF PP
LD 901	An Act To Modify the Mining Excise Tax	MAJORITY (ONTP) REPORT

### *Personal Property and Business Equipment Taxes*

### Not Enacted

LD 317	An Act Regarding the Business Equipment Tax Reimbursement Program and the Business Equipment Tax Exemption Program	ONTP
LD 762	An Act To Facilitate Collection of Property Taxes on Personal Property	ONTP

### *Property Tax - Current Use*

### Not Enacted

LD 107	RESOLUTION, Proposing an Amendment to the Constitution of Maine To Permit the Legislature To Provide a One-year Period of Penalty Relief for Withdrawal of Forest Land from Current Use Valuation	MAJORITY (ONTP) REPORT
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**Property Tax - Current Use**

**Not Enacted**

LD 400	An Act To Amend the Maine Tree Growth Tax Law	ONTP
LD 492	An Act To Increase Reimbursement to Municipalities under the Maine Tree Growth Tax Law	ONTP

**Property Tax - Exemptions**

**Enacted**

LD 1164	An Act To Allow Cooperative Housing Owners Who Are Blind To Qualify for the Property Tax Exemption	PUBLIC 416
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**Not Enacted**

LD 10	An Act To Provide a Property Tax Exemption for Family Burying Grounds	ONTP
LD 73	An Act To Exempt Persons 65 Years of Age or Older Whose Income Is below the Poverty Line from Paying Property Taxes on Their Homes	ONTP
LD 316	An Act To Provide Property Tax Relief for Noncombat Veterans	ONTP
LD 402	An Act To Exempt Members of the Houlton Band of Maliseet Indians from Property Tax	DIED IN CONCURRENCE
LD 936	An Act To Authorize Municipalities To Impose Service Charges on Tax-exempt Property Owned by Certain Nonprofit Organizations	CARRIED OVER
LD 998	An Act To Provide Consistency in the Application of the Property Tax Exemption for Religious Organizations	CARRIED OVER
LD 1207	An Act To Expand the Property Tax Exemption for Veterans Who Are 100% Disabled	ONTP
LD 1226	An Act To Improve Maine Veterans' Property Tax Exemptions	ONTP
LD 1478	An Act To Avoid Potential Loss of Revenue by Municipalities and the Unorganized Territory from Donated Property	ONTP

**Property Tax - General**

**Enacted**

LD 719	An Act To Ensure Access to Information in the Property Tax Abatement Process	PUBLIC 182
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**Not Enacted**

LD 562	An Act Related to Service Charges in Lieu of Property Taxes on Tax-exempt Property	ONTP
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**Property Tax Relief Programs**

**Enacted**

LD 1570	An Act To Delay the Implementation of Changes to the Business Equipment Tax Exemption	PUBLIC 385 EMERGENCY
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**Not Enacted**

LD 136	An Act To Amend the Priority of Distribution of Unappropriated Surplus for the Fiscal Year Ending June 30, 2014	DIED ON ADJOURNMENT
LD 816	An Act To Reduce the Property Tax Burden and Improve the Circuitbreaker Program	CARRIED OVER
LD 956	An Act To Improve and Simplify the Application for Benefits under the Circuitbreaker Program	ONTP

**Sales Tax**

*Sales Tax*

Enacted

LD 346	An Act Concerning the Collection of Sales Tax by Any Businesses Making Sales to Persons in Maine	PUBLIC 200
LD 720	An Act To Eliminate Sales Tax Exemptions for Snowmobiles and All-terrain Vehicles Purchased by Nonresidents for Use in the State	PUBLIC 86
LD 728	An Act To Amend the Laws Dealing with the Taxing of the Purchase of Extended Service Contracts and Extended Service Contract Claims for Trucks	PUBLIC 156

Not Enacted

LD 319	Resolve, To Direct the Department of Administrative and Financial Services, Bureau of Revenue Services To Report on Conformity with the Streamlined Sales and Use Tax Agreement	VETO SUSTAINED
LD 401	An Act To Provide Local Sales Tax Increment Disbursements	DIED IN CONCURRENCE
LD 427	An Act To Authorize Options for Local Revenue Enhancement	DIED BETWEEN HOUSES
LD 435	Resolve, To Require the State Tax Assessor To Develop Agreements with Online Retailers for the Collection of Sales and Use Tax	ONTP
LD 734	An Act Relating to the Sales Tax Exemption on Depreciable Equipment Used in Commercial Wood Harvesting	VETO SUSTAINED
LD 1141	An Act To Increase the Sales Tax To Support Revenue Sharing	ONTP
LD 1206	An Act To Ensure Equity in the Taxation of Food Items	ONTP
LD 1297	An Act To Provide Funding for Public Education by Increasing the Sales Tax	ONTP
LD 1477	An Act To Impose a Temporary One Percent Sales Tax for Education and Revenue Sharing	ONTP

*Sales Tax Exemptions, Exclusions or Refunds*

Enacted

LD 279	An Act To Sustain Maine's Aviation Industry by Extending the Exemption from Sales and Use Tax for Aircraft and Parts	PUBLIC 379
LD 915	An Act To Expand the Sales Tax Exemption for Certain Public Libraries To Include Sales by Those Libraries or Their Supporting Organizations	PUBLIC 420

Not Enacted

LD 119	An Act To Exempt from the Use Tax \$1,000 of Internet Purchases from Out-of-state Sellers	ONTP
LD 126	An Act To Provide a Sales Tax Exemption to Incorporated Nonprofit Performing Arts Organizations	CARRIED OVER
LD 212	An Act To Provide a Sales Tax Refund for Tobacco Sold to a Member of a Federally Recognized Indian Tribe for Cultural, Spiritual or Ceremonial Purposes	INDEF PP
LD 318	An Act To Establish a Sales Tax Holiday for Purchases Made during the Month of January	MAJORITY (ONTP) REPORT
LD 698	An Act To Provide an Exemption from Fuel and Sales Taxes to Persons Engaged in Snowmobile Trail Grooming	ONTP

## *Sales Tax Exemptions, Exclusions or Refunds*

### Not Enacted

LD 741	An Act To Promote Fairness in the Sales Tax Exemption for Vehicles Used in Interstate Commerce	CARRIED OVER
LD 916	An Act To Promote Investment in Maine's Communications Network and Natural Gas Network	CARRIED OVER
LD 979	An Act To Exempt the Sale of the United States Flag from the Sales Tax	CARRIED OVER
LD 1007	An Act Relating to Precious Metal Coins	MAJORITY (ONTP) REPORT
LD 1370	An Act To Exempt from Sales Tax the Sales of Adaptive Equipment To Make a Vehicle Handicapped Accessible	HELD BY GOVERNOR

## *Tax Expenditure Review*

### Not Enacted

LD 1120	An Act To Improve Maine's Tax Laws	CARRIED OVER
LD 1126	An Act Regarding Corporate Income Tax Disclosure	ONTP
LD 1255	Resolve, To Provide Greater Depth and Transparency to the Review of Foregone Revenue Identified in the Biennial Tax Expenditure Report	ONTP
LD 1446	An Act To Review Tax Expenditures on a Revolving Basis	LEAVE TO WITHDRAW
LD 1463	An Act To Examine Best Practices Relating to Tax Expenditures	CARRIED OVER
LD 1488	An Act To Create a Tax Expenditures Budget Process	ONTP

## *Tax Increment Financing*

### Enacted

LD 563	An Act To Clarify Tax Increment Financing	PUBLIC 184
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### Not Enacted

LD 412	An Act To Expand Employment Tax Increment Financing To Support Job Creation	ONTP
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## *Tax Reform - Restructuring*

### Not Enacted

LD 1110	An Act To Simplify the Tax Code	ONTP
LD 1113	An Act To Provide Tax Fairness to Maine's Middle Class and Working Families	DIED BETWEEN HOUSES
LD 1124	An Act To Provide Income Tax Relief	ONTP
LD 1496	An Act To Modernize and Simplify the Tax Code	ONTP

## *Unorganized Territory*

### Enacted

**Unorganized Territory**

**Enacted**

**LD 1228**    **An Act To Establish Municipal Cost Components for Unorganized Territory Services To Be Rendered in Fiscal Year 2013-14**

**LD 1414**    **Resolve, Authorizing the State Tax Assessor To Convey the Interest of the State in Certain Real Estate in the Unorganized Territory**

**PUBLIC 174**  
**EMERGENCY**  
**RESOLVE 32**

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