

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services Fund 0885

Initiative: BASELINE BUDGET

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

Justification:

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

BUREAU OF REVENUE SERVICES FUND 0885

PROGRAM SUMMARY

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

County Tax Reimbursement 0263

Initiative: BASELINE BUDGET

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

Justification:

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

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

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

COUNTY TAX REIMBURSEMENT 0263

PROGRAM SUMMARY

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

Elderly Tax Deferral Program 0650

Initiative: BASELINE BUDGET

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

Justification:

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

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

**ELDERLY TAX DEFERRAL PROGRAM 0650
PROGRAM SUMMARY**

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

Homestead Property Tax Exemption Reimbursement 0886

Initiative: BASELINE BUDGET

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

Justification:

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

Homestead Property Tax Exemption Reimbursement 0886

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

Ref. #: 122

Committee Vote: _____

AFA Vote: _____

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

Justification:

No justification provided

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

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

Maine Board of Tax Appeals Z146

Initiative: BASELINE BUDGET

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

OTHER SPECIAL REVENUE FUNDS	History 2011-12	History 2012-13	2013-14	2014-15
All Other	\$0	\$45,000	\$45,000	\$45,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$45,000	\$45,000	\$45,000

Justification:

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

**MAINE BOARD OF TAX APPEALS Z146
PROGRAM SUMMARY**

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

OTHER SPECIAL REVENUE FUNDS	History 2011-12	History 2012-13	2013-14	2014-15
All Other	\$0	\$45,000	\$45,000	\$45,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$45,000	\$45,000	\$45,000

Mandate BETE - Reimburse Municipalities Z065

Initiative: BASELINE BUDGET

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

Justification:

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

Mandate BETE - Reimburse Municipalities Z065

Initiative: Provides funding for increased payments to municipalities.

Ref. #: 140

Committee Vote: _____

AFA Vote: _____

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

Justification:

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

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

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

Revenue Services, Bureau of 0002

Initiative: BASELINE BUDGET

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

Justification:

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

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

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

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

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

Ref. #: 11

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

2013-14	2014-15
(\$174,933)	(\$174,933)

OTHER SPECIAL REVENUE FUNDS TOTAL

(\$174,933)	(\$174,933)
-------------	-------------

Justification:

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

Revenue Services, Bureau of 0002

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

Ref. #: 12

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

2013-14	2014-15
(\$229,156)	(\$229,156)

OTHER SPECIAL REVENUE FUNDS TOTAL

(\$229,156)	(\$229,156)
-------------	-------------

Justification:

No justification provided

Revenue Services, Bureau of 0002

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

Ref. #: 13

One Time

Committee Vote: _____

AFA Vote: _____

GENERAL FUND

All Other

2013-14	2014-15
\$0	\$170,000

GENERAL FUND TOTAL

\$0	\$170,000
-----	-----------

Justification:

No justification provided

Revenue Services, Bureau of 0002

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

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

GENERAL FUND	2013-14	2014-15
All Other	\$0	\$750
GENERAL FUND TOTAL	<u>\$0</u>	<u>\$750</u>

Justification:

No justification provided

Revenue Services, Bureau of 0002

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

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

GENERAL FUND	2013-14	2014-15
All Other	\$0	(\$108,875)
GENERAL FUND TOTAL	<u>\$0</u>	<u>(\$108,875)</u>

Justification:

No justification provided

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

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

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: BASELINE BUDGET

	History 2011-12	History 2012-13	2013-14	2014-15
GENERAL FUND				
All Other	\$19,500	\$19,308	\$19,308	\$19,308
GENERAL FUND TOTAL	<u>\$19,500</u>	<u>\$19,308</u>	<u>\$19,308</u>	<u>\$19,308</u>

Justification:

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

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: Reduces funding to reflect fewer anticipated payments.

Ref. #: 134

Committee Vote: _____

AFA Vote: _____

		2013-14	2014-15
GENERAL FUND			
All Other		(\$4,767)	(\$4,039)
GENERAL FUND TOTAL		<u>(\$4,767)</u>	<u>(\$4,039)</u>

Justification:

Projections for the Snow Grooming Property Tax Exemption Reimbursement indicate fewer payments for the 2014-15 biennium.

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

	History 2011-12	History 2012-13	2013-14	2014-15
GENERAL FUND				
All Other	\$19,500	\$19,308	\$14,541	\$15,269
GENERAL FUND TOTAL	<u>\$19,500</u>	<u>\$19,308</u>	<u>\$14,541</u>	<u>\$15,269</u>

Tree Growth Tax Reimbursement 0261

Initiative: BASELINE BUDGET

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

Justification:

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

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

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

Tree Growth Tax Reimbursement 0261

Initiative: Reduces funding for grants.

Ref. #: 74

Committee Vote: _____

AFA Vote: _____

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

Justification:

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

**TREE GROWTH TAX REIMBURSEMENT 0261
PROGRAM SUMMARY**

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

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: BASELINE BUDGET

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

Justification:

The purpose of this program is to equitably assess and collect property taxes in the unorganized territory by discovering new property valuations.

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: Provides funding for grant payments to counties serving the unorganized territories.

Ref. #: 88

Committee Vote: _____

AFA Vote: _____

	2013-14	2014-15
OTHER SPECIAL REVENUE FUNDS		
All Other	\$1,114,650	\$1,882,650
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$1,114,650</u>	<u>\$1,882,650</u>

Justification:

Based on projections for the 2014-15 biennium, additional allocation is needed in order to support payments to counties.

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: Provides funding for reimbursement of taxes paid on commercial wind farms located in unorganized territories.

Ref. #: 89

Committee Vote: _____

AFA Vote: _____

	2013-14	2014-15
OTHER SPECIAL REVENUE FUNDS		
All Other	\$510,000	\$400,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$510,000</u>	<u>\$400,000</u>

Justification:

Based on projections for the 2014-15 biennium, additional allocation is needed to support reimbursement payments.

UNORGANIZED TERRITORY EDUCATION AND SERVICES FUND - FINANCE 0573

PROGRAM SUMMARY

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

Veterans' Organization Tax Reimbursement Z062

Initiative: BASELINE BUDGET

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

Justification:

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

Veterans' Organization Tax Reimbursement Z062

Initiative: Reduces funding due to projected fewer payments.

Ref. #: 137

Committee Vote: _____ AFA Vote: _____

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

Justification:

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

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

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

Veterans Tax Reimbursement 0407

Initiative: BASELINE BUDGET

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

Justification:

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

Veterans Tax Reimbursement 0407

Initiative: Adjusts funding based on projected needs.

Ref. #: 79

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2013-14	2014-15
All Other	(\$10,485)	\$44,687
GENERAL FUND TOTAL	(\$10,485)	\$44,687

Justification:

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

**VETERANS TAX REIMBURSEMENT 0407
PROGRAM SUMMARY**

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

Waste Facility Tax Reimbursement 0907

Initiative: BASELINE BUDGET

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

Justification:

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

Waste Facility Tax Reimbursement 0907

Initiative: Adjusts funding based on projected needs.

Ref. #: 128

Committee Vote: _____

AFA Vote: _____

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

Justification:

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

**WASTE FACILITY TAX REIMBURSEMENT 0907
PROGRAM SUMMARY**

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

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

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

PROPERTY TAX REVIEW, STATE BOARD OF

Property Tax Review - State Board of 0357

Initiative: BASELINE BUDGET

GENERAL FUND	History 2011-12	History 2012-13	2013-14	2014-15
Personal Services	\$6,099	\$6,099	\$6,099	\$6,099
All Other	\$81,107	\$80,162	\$80,565	\$80,565
GENERAL FUND TOTAL	\$87,206	\$86,261	\$86,664	\$86,664

OTHER SPECIAL REVENUE FUNDS	History 2011-12	History 2012-13	2013-14	2014-15
All Other	\$3,000	\$3,000	\$3,000	\$3,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$3,000	\$3,000	\$3,000	\$3,000

Justification:

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

PROPERTY TAX REVIEW - STATE BOARD OF 0357

PROGRAM SUMMARY

GENERAL FUND	History 2011-12	History 2012-13	2013-14	2014-15
Personal Services	\$6,099	\$6,099	\$6,099	\$6,099
All Other	\$81,107	\$80,162	\$80,565	\$80,565
GENERAL FUND TOTAL	\$87,206	\$86,261	\$86,664	\$86,664

OTHER SPECIAL REVENUE FUNDS	History 2011-12	History 2012-13	2013-14	2014-15
All Other	\$3,000	\$3,000	\$3,000	\$3,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$3,000	\$3,000	\$3,000	\$3,000

PROPERTY TAX REVIEW, STATE BOARD OF

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

Sec. A-69. Appropriations and allocations.

The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Disproportionate Tax Burden Fund 0472

Initiative: BASELINE BUDGET

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

Justification:

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

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts funding for municipal revenue sharing to municipalities.

Ref. #: 2525

Committee Vote: _____

AFA Vote: _____

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

Justification:

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

Disproportionate Tax Burden Fund 0472

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

Ref. #: 2526

Committee Vote: _____

AFA Vote: _____

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

Justification:

No justification provided

Disproportionate Tax Burden Fund 0472

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

Ref. #: 2527

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

	2013-14	2014-15
All Other	(\$29,563,541)	(\$31,938,514)
OTHER SPECIAL REVENUE FUNDS TOTAL	(\$29,563,541)	(\$31,938,514)

Justification:

No justification provided

DISPROPORTIONATE TAX BURDEN FUND 0472

PROGRAM SUMMARY

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

Passamaquoddy Sales Tax Fund 0915

Initiative: BASELINE BUDGET

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

Justification:

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

**PASSAMAQUODDY SALES TAX FUND 0915
PROGRAM SUMMARY**

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

State - Municipal Revenue Sharing 0020

Initiative: BASELINE BUDGET

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

Justification:

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

State - Municipal Revenue Sharing 0020

Initiative: Adjusts funding for municipal revenue sharing to municipalities.

Ref. #: 2511

Committee Vote: _____

AFA Vote: _____

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

Justification:

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

State - Municipal Revenue Sharing 0020

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

Ref. #: 2512

Committee Vote: _____

AFA Vote: _____

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

Justification:

No justification provided

State - Municipal Revenue Sharing 0020

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

Ref. #: 2513

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

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

OTHER SPECIAL REVENUE FUNDS TOTAL

	(\$108,981,415)	(\$111,754,056)
--	-----------------	-----------------

Justification:

No justification provided

STATE - MUNICIPAL REVENUE SHARING 0020

PROGRAM SUMMARY

OTHER SPECIAL REVENUE FUNDS

All Other

	History 2011-12	History 2012-13	2013-14	2014-15
	\$76,394,979	\$74,064,272	\$0	\$0

OTHER SPECIAL REVENUE FUNDS TOTAL

	\$76,394,979	\$74,064,272	\$0	\$0
--	--------------	--------------	-----	-----

TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS

2013-14

2014-15

OTHER SPECIAL REVENUE FUNDS

\$17,607

\$17,607

DEPARTMENT TOTAL - ALL FUNDS

\$17,607

\$17,607

PART J

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

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

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

SUMMARY

PART J

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

PART K

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

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

"Eligible business equipment" does not include:

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

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

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

- (7) Property that is not entitled to an exemption by reason of the additional limitations imposed by subsection 2; or
- (8) Personal property that would otherwise be entitled to exemption under this subchapter used primarily to support a telecommunications antenna used by a telecommunications business subject to the tax imposed by section 457.

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

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

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

- ~~(1) For property tax years beginning April 1, 2008, 100%;~~
- ~~(2) For property tax years beginning April 1, 2009, 90%;~~
- ~~(3) For property tax years beginning April 1, 2010, 80%;~~
- ~~(4) For property tax years beginning April 1, 2011, 70%;~~
- (5) For property tax years beginning April 1, 2012, 60%; ~~and~~
- (6) For property tax years beginning April 1, 2013 ~~and for subsequent tax years,~~ 50%;

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

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

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

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

§700-C. Transition.

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

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

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

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

**SUMMARY
PART K**

This Part does the following:

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

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

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

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

PART L

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§6222. Denial of benefit for certain households

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

**SUMMARY
PART L**

This Part does the following:

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

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

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

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

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

PART M

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SUMMARY
PART M**

This Part does the following:

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

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

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

PART N

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

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

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

§1811. Sales tax

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

SUMMARY

PART N

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

PART O

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUMMARY PART O

This Part does the following:

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

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

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

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

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

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

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

It provides for retroactive application.

PART P

Sec. P-1. 36 M RSA §1760, sub-§14 is repealed.

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

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

**SUMMARY
PART P**

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

PART Q

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

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

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

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

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

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

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

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

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

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

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

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

\$31,350 or more

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

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

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

If Maine Taxable income is:

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

\$39,900 or more

The tax is:

6.5% of the excess over \$10,000

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

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

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

If Maine Taxable income is:

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

\$41,850 or more

The tax is:

6.5% of the excess over \$10,450

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

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

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

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

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

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

36 §5403. ANNUAL ADJUSTMENTS FOR INFLATION

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

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

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

**SUMMARY
PART Q**

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

PART T

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

SUMMARY

PART T

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