

O.F.P.R.

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2010 JAN 29 AM 9:40



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STATE OF MAINE

ONE HUNDRED AND TWENTY-FOURTH LEGISLATURE

COMMITTEE ON TAXATION

**DATE:** January 29, 2010

**TO:** Sen. G. William Diamond, Senate Chair  
Rep. Emily Cain, House Chair  
Members, Joint Standing Committee on Appropriations and Financial Affairs

**FROM:** Sen. Joseph Perry, Senate Chair *JP*  
Rep. Thomas Watson, House Chair *TW*  
Members, Joint Standing Committee on Taxation

**RE:** Committee recommendations with regard to **LD 1671, An Act Making Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2010 and June 30, 2011**

Over the past few weeks, the Joint Standing Committee on Taxation reviewed the items identified as taxation-related provisions of the supplemental budget bill. As requested, we are providing Committee's recommendations on the prescribed report back forms along with the attached chart.

While many of the proposals in the Governor's supplemental budget stimulated significant discussion, you will find that the Committee approved most of the proposed cuts unanimously. Also, by majority vote, the Committee approved the cuts to the tree growth tax reimbursement (8-4) and the language in Part GG, which adopts the Finnigan approach (9-3). Although the Committee split on the cut to the tree growth tax reimbursement, all parties agreed that there may be some improvements we can make to the program that are not directly related to the budget. We plan to consider these in a separate bill later in the session. Regarding the language in Part GG, the majority vote for approval includes an amendment proposed by Maine Revenue Services. The amendment is attached at the back of this document.

Although we unanimously approved the proposed cut to the Property Tax Review Board for legal services from the Attorney General's office, the Committee has considerable concerns about the cumulative impact budget cuts have had on the Board's ability to operate. The Board

receives 30 or more cases each year and each one can take anywhere from a few hours to several days to settle. The administrative support to the Board is limited and currently the volunteer Board has only 8 of the 15 members called for in statute. There have been discussions about the back log of cases and under the current available budget it is estimated the Board will only be able to meet 11 times this year. With this in mind, the Committee supports the idea of imposing filing fees for each case and we are working on language to submit to you at a later date.

Finally, we have two outstanding issues that still need to be voted. We have serious reservations about the language in Part JJ, which is a cut to revenue sharing that goes beyond the reduction related to the downturn in the economy. We are also concerned about the language in Part KK proposing a change in eligibility for the circuitbreaker program. Before we finalize our votes on these items we want to fully explore some alternative proposals for closing the budget gap.

We plan to meet again on **Wednesday, February 3, 2010 at 10:00 a.m.** in Room 127 of the State House to discuss several ideas that were suggested at our meeting yesterday. The proposals that we will be discussing include:

1. Changes to tax credits designed to promote economic development;
2. Imposing service charges on certain tax-exempt entities;
3. Examining the tax-exempt status of nonprofits involved in gaming;
4. Closing the Houlton office of the Bureau of Revenues Services;
5. Cutting Maine Revenue Services' budget by 15 percent; and
6. Reviewing mandates imposed on municipalities.

We welcome interested parties who may want to attend our meeting. We hope that by considering these other means of closing the budget that we will not have to impose additional financial hardship on our municipalities and residents who are already struggling as our economy recovers.

We will update you once we consider the above ideas and finalize our budget votes. Please let us know if you have question or if we can provide additional information.

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: Reduces funding that will not be expended during the 2010-2011 biennium.

Ref. #: 50

Committee Vote: In

AFA Vote: \_\_\_\_\_

BUREAU OF REVENUE SERVICES FUND	2008-09	2009-10	2010-11
All Other	\$0	(\$150,880)	(\$151,720)
<b>BUREAU OF REVENUE SERVICES FUND TOTAL</b>	<b>\$0</b>	<b>(\$150,880)</b>	<b>(\$151,720)</b>

**Justification:**

This program performs scanning services for a variety of State Agencies. Revenues generated in this fund are used to cover the cost of this program and necessary equipment. Savings can be achieved through a delay in program related expenditures.

**Homestead Property Tax Exemption Reimbursement 0886**

Initiative: Reduces funding by adjusting the estimated reimbursement under the homestead property tax exemption payment to 75% and the final reimbursement payment to 25% and delays the due date for the final payment to the following fiscal year.

Ref. #: 52

Committee Vote: In

AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$5,385,865)
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,385,865)</b>

**Justification:**

Proposed language in Part MM of this bill would adjust the estimated reimbursement under the Homestead Program payment to 75% and the final reimbursement payment to 25% and delays the due date for the final payment to the following fiscal year.

**Revenue Services - Bureau of 0002**

Initiative: Reduces funding for technology costs through a reprogramming of the data warehouse for Maine Revenue Services.

Ref. #: 3

Committee Vote: In

AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	(\$60,000)	\$0
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>(\$60,000)</b>	<b>\$0</b>

**Justification:**

Maine Revenue Services will undertake a reprogramming of the data warehouse to achieve savings.

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**Revenue Services - Bureau of 0002**

Initiative: Reduces funding for the econometric models used for revenue forecasting.

Ref. #: 4

Committee Vote: In AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	(\$75,000)	(\$75,000)
GENERAL FUND TOTAL	\$0	(\$75,000)	(\$75,000)

**Justification:**

Maine Revenue Services has determined that the cost for the econometric models used for revenue forecasting will be less than the amount budgeted for the models resulting in savings.

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**Revenue Services - Bureau of 0002**

Initiative: Reduces funding for printing costs by encouraging electronic filing and reducing the demand for printed forms.

Ref. #: 5

Committee Vote: In AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$156,000)
GENERAL FUND TOTAL	\$0	\$0	(\$156,000)

**Justification:**

This initiative recognizes savings by printing fewer tax forms and encouraging electronic filing.

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**Revenue Services - Bureau of 0002**

Initiative: Provides funding for costs associated with the 2010 Tax Receivables Reduction Initiatives.

Ref. #: 6

Committee Vote: In AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	\$0	\$67,000
GENERAL FUND TOTAL	\$0	\$0	\$67,000

**Justification:**

Funding in All Other is required for envelopes, printing and postage costs associated with the Taxes Receivable Reduction Initiative as per the legislation proposed in Part HH of this bill.

**Tree Growth Tax Reimbursement 0261**

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

Ref. #: 36

Committee Vote:

In  
(8-4)

AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$531,250)
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$531,250)</b>

**Justification:**

This initiative decreases by 10% the amount appropriated for fiscal year 2010-11 for municipal reimbursement of lost revenue for property enrolled in the Maine Tree Growth Tax Law program.

**Veterans Tax Reimbursement 0407**

Initiative: Reduces funding on a one-time basis in the Veterans Tax Reimbursement program. All reimbursement claims for fiscal year 2009-10 have been processed.

Ref. #: 38

Committee Vote:

In

AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	(\$19,254)	\$0
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>(\$19,254)</b>	<b>\$0</b>

**Justification:**

Maine Revenue Services does not anticipate any additional claims to be paid for the Veterans Tax Reimbursement Program during fiscal year 2009-10. This initiative deappropriates one time savings.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

DEPARTMENT TOTALS	2008-09	2009-10	2010-11
GENERAL FUND	\$0	(\$154,254)	(\$6,081,115)
BUREAU OF REVENUE SERVICES FUND	\$0	(\$150,880)	(\$151,720)
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>(\$305,134)</b>	<b>(\$6,232,835)</b>

Sec. A-46. Appropriations and allocations. The following appropriations and allocations are made.

PROPERTY TAX REVIEW, STATE BOARD OF

Property Tax Review - State Board of 0357

Initiative: Reduces funding due to a one-time reduction in the cost for legal services from the Department of the Attorney General.

Ref. #: 1181

Committee Vote:

IN

AFA Vote:

GENERAL FUND

All Other

GENERAL FUND TOTAL

(language re: filing  
fee to be provided)

2008-09	2009-10	2010-11
\$0	(\$3,256)	(\$3,294)
\$0	(\$3,256)	(\$3,294)

Justification:

As a result of statewide Personal Services reductions the Department of the Attorney General reduced it's cost for legal services.

PROPERTY TAX REVIEW, STATE BOARD OF

DEPARTMENT TOTALS

GENERAL FUND

DEPARTMENT TOTAL - ALL FUNDS

2008-09	2009-10	2010-11
\$0	(\$3,256)	(\$3,294)
\$0	(\$3,256)	(\$3,294)

Sec. A-53. Appropriations and allocations.

The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts funding to bring allocations into line with projected available resources based on revenue changes approved by the Revenue Forecasting Committee in December 2009.

Ref. #: 1251

Committee Vote:

Ih

AFA Vote: \_\_\_\_\_

OTHER SPECIAL REVENUE FUNDS

2008-09

2009-10

2010-11

All Other

\$0

(\$1,680,629)

(\$1,618,389)

OTHER SPECIAL REVENUE FUNDS TOTAL

\$0

(\$1,680,629)

(\$1,618,389)

**Justification:**

A downward revenue reprojection of the major tax lines by the Revenue Forecasting Committee in December 2009 resulted in less revenue available for State - Municipal Revenue Sharing to the Local Government Fund and to the Disproportionate Tax Burden Fund in the Department of Treasury. This initiative adjusts the allocation to the respective fund accounts accordingly.

State - Municipal Revenue Sharing 0020

Initiative: Adjusts funding to bring allocations into line with projected available resources based on revenue changes approved by the Revenue Forecasting Committee in December 2009.

Ref. #: 1243

Committee Vote:

Ih

AFA Vote: \_\_\_\_\_

OTHER SPECIAL REVENUE FUNDS

2008-09

2009-10

2010-11

All Other

\$0

(\$9,523,560)

(\$8,496,547)

OTHER SPECIAL REVENUE FUNDS TOTAL

\$0

(\$9,523,560)

(\$8,496,547)

**Justification:**

A downward revenue reprojection of the major tax lines by the Revenue Forecasting Committee in December 2009 resulted in less revenue available for State - Municipal Revenue Sharing to the Local Government Fund and to the Disproportionate Tax Burden Fund in the Department of Treasury. This initiative adjusts the allocation to the respective fund accounts accordingly.

TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS

2008-09

2009-10

2010-11

OTHER SPECIAL REVENUE FUNDS

\$0

(\$11,204,189)

(\$10,114,936)

DEPARTMENT TOTAL - ALL FUNDS

\$0

(\$11,204,189)

(\$10,114,936)

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Revenue Services - Bureau of 0002

Initiative: RECLASSIFICATIONS

Ref. #: 7

Committee Vote:

In

AFA Vote: \_\_\_\_\_

GENERAL FUND	2008-09	2009-10	2010-11
Personal Services	\$0	\$23,190	\$8,726
All Other	\$0	(\$23,190)	(\$8,726)
GENERAL FUND TOTAL	\$0	\$0	\$0

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2008-09	2009-10	2010-11
GENERAL FUND	\$0	\$0	\$0
DEPARTMENT TOTAL - ALL FUNDS	\$0	\$0	\$0



Tax vote: In

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

2 **PART K**

3 **Sec. K-1. Transfer; unexpended funds; Taxation Revenue Collection**  
4 **account.** Notwithstanding any other provision of law, the State Controller shall transfer  
5 \$140,000 in unexpended funds from the Other Special Revenue Funds, Taxation Revenue  
6 Collection account in the Department of Administrative and Financial Services to  
7 General Fund unappropriated surplus at the close of fiscal year 2009-10.

8

**Fiscal Note**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<b>Transfers</b>				
General Fund	\$140,000	\$0	\$0	\$0
Other Special Revenue	-\$140,000	\$0	\$0	\$0

9

**SUMMARY**

10 **PART K**

11 This Part transfers certain unexpended funds from the Other Special Revenue Funds,  
12 Taxation Revenue Collection account in the Department of Administrative and Financial  
13 Services to General Fund unappropriated surplus at the close of fiscal year 2009-10.

Tax vote: In

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

2 **PART DD**

3 **Sec. DD-1. Transfer; unexpended funds; Bureau of Revenue Services**  
4 **Fund.** Notwithstanding any other provision of law, the State Controller shall transfer  
5 \$350,000 by June 30, 2010 and \$200,000 by June 30, 2011 in unexpended funds from the  
6 Bureau of Revenue Services Fund in the Department of Administrative and Financial  
7 Services to General Fund unappropriated surplus.

8

**Fiscal Note**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<b>Transfers</b>				
<b>General Fund</b>	\$350,000	\$200,000	\$0	\$0
<b>Bureau of Revenue Services   Fund</b>	-\$350,000	-\$200,000	\$0	\$0

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**SUMMARY**

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**PART DD**

11 This Part provides for the transfer of certain unexpended funds from the Bureau of  
12 Revenue Services Fund in the Department of Administrative and Financial Services to  
13 General Fund unappropriated surplus in fiscal years 2009-10 and 2010-11.

Tax vote: In as amended  
(9-3) - amendment attached

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

2 **PART GG**

3 **Sec. GG-1.** 36 MRSA §5211, sub-§14, as amended by PL 2009, c. 213, Pt. NN,  
4 §1 and affected by §5, is further amended to read:

5 **14. Sales factor formula.** The sales factor is a fraction, the numerator of which is  
6 the total sales of the taxpayer in this State during the tax period, and the denominator of  
7 which is the total sales of the taxpayer everywhere during the tax period. For purposes of  
8 calculating the sales factor, "total sales of the taxpayer" includes sales of the taxpayer and  
9 of any member of an affiliated group with which the taxpayer conducts a unitary  
10 business. The formula must exclude from both the numerator and the denominator sales  
11 of tangible personal property delivered or shipped, regardless of F.O.B. point or other  
12 conditions of the sale, to a purchaser within a state in which the taxpayer, or any member  
13 of any affiliated group with which the taxpayer conducts a unitary business, is not taxable  
14 within the meaning of subsection 2.

15 **Sec. GG-2. Application.** This Part applies to income tax years beginning on or  
16 after January 1, 2010.

17

**Fiscal Note**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$0	\$2,850,000	\$2,992,500	\$3,142,125
Other Special Revenue	\$0	\$150,000	\$157,500	\$165,375

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**SUMMARY**

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**PART GG**

20 This Part adopts the so-called "Finnigan approach" process for purposes of  
21 calculating the sales apportionment factor for C corporations. The Finnigan approach  
22 treats all members of the taxpayer's unitary affiliated group, whether they have nexus  
23 with Maine or not, as one entity. As a result, sales from the nonnexus affiliates within the  
24 unitary business of the taxpayer to Maine customers are included in both the numerator  
25 and the denominator as if the nonnexus entity had nexus with Maine.

Tax Note: In

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

2 PART HH

3 Sec. HH-1. 36 MRSA c. 914-C is enacted to read:

4 CHAPTER 914-C

5 2010 TAX RECEIVABLES REDUCTION INITIATIVES

6 §6601. 2010 Tax Receivables Reduction Initiatives established

7 There are established the 2010 Tax Receivables Reduction Initiatives, referred to in  
8 this chapter as "the initiatives" and consisting of 2 separate initiatives, referred to in this  
9 chapter as "the short-term initiative" and "the 5-year initiative." The initiatives are  
10 intended to encourage delinquent taxpayers to pay existing tax obligations. The goal of  
11 the initiatives is to raise revenue during fiscal year 2010-11 and to reduce existing tax  
12 receivables.

13 §6602. Administration

14 The State Tax Assessor shall administer the initiatives. The short-term initiative  
15 applies to tax liabilities that are assessed as of December 31, 2009 and interest and  
16 penalties subsequently assessed on such tax liabilities. The 5-year initiative applies to tax  
17 liabilities that were assessed as of June 30, 2005 and interest and penalties subsequently  
18 assessed on such tax liabilities. A taxpayer may participate in the initiatives without  
19 regard to whether the amount due is subject to a pending administrative or judicial  
20 proceeding. Participation in the initiatives is conditioned upon the taxpayer's agreement  
21 to forgo or withdraw a protest or an administrative or judicial proceeding with regard to  
22 liabilities paid under the initiatives and not to claim a refund of money paid under the  
23 initiatives. These initiatives are available to a taxpayer if the taxpayer:

24 1. Application. Properly completes and files a 2010 tax initiatives application as  
25 described in section 6605 and as required by the assessor;

26 2. Tax, interest and penalty paid. Pays all tax, interest and penalty for the  
27 respective initiative as described in section 6606 by the end of the initiatives period under  
28 section 6604;

29 3. No criminal action pending. Is not currently charged with, and has not been  
30 accepted by the Attorney General for criminal prosecution arising from, a violation of the  
31 state tax law as provided in this Title or Title 17-A or is not applying for relief on a debt  
32 that is the result of a criminal conviction; and

33 4. No collection by warrant or civil action. Is not applying for relief with respect  
34 to a tax liability for which the State has secured a warrant or civil judgment in its favor in  
35 Superior Court.

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**§6603. Undisclosed liabilities**

This chapter does not prohibit the State Tax Assessor from instituting civil or criminal proceedings against any taxpayer with respect to any amount of tax that is not paid with the 2010 tax initiatives application described in section 6605 or on any other return filed with the assessor.

**§6604. Initiatives period**

A 2010 tax initiatives application described in section 6605 may be filed from September 1, 2010 to November 30, 2010.

**§6605. Initiatives application**

The State Tax Assessor shall prepare and make available the 2010 tax initiatives application. The application and associated guidelines prepared by the assessor, which govern participation in the initiatives, are exempt from the Maine Administrative Procedure Act. Each application requires the approval of the assessor and must include the amount of tax, interest and penalty to be paid, as determined pursuant to section 6606, the initiative being applied for and the periods to which the liability applies. The assessor may deny any application not consistent with this chapter.

**§6606. Waiver of penalties or interest**

1. Short-term initiative. A taxpayer who participates in the short-term initiative and whose application is approved by the State Tax Assessor is entitled to a waiver by the assessor of 95% of the penalties otherwise due.

2. Five-year initiative. A taxpayer who participates in the 5-year initiative and whose application is approved by the assessor is entitled to a waiver by the assessor of 95% of the penalties and interest otherwise due.

**§6607. Collection action not stayed**

An enforced collection action, including, but not limited to, a wage levy, bank levy or refund setoff, is not stayed until a taxpayer's tax initiatives application under section 6605 has been accepted by the State Tax Assessor and the taxpayer has paid all the tax, interest and penalties due pursuant to section 6602, subsection 2.

**Fiscal Note**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$0	\$9,500,000	-\$1,900,000	-\$1,900,000
Other Special Revenue	\$0	\$500,000	-\$100,000	-\$100,000

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## SUMMARY

### PART HH

This Part creates the 2010 Tax Receivables Reduction Initiatives to raise revenue and reduce outstanding tax receivables. There are 2 separate initiatives: a short-term initiative that applies to tax liabilities that are assessed as of December 31, 2009; and a 5-year initiative that applies to tax liabilities that were assessed as of June 30, 2005. A taxpayer who participates in the short-term initiative is eligible for a waiver of 95% of the penalties due upon payment of the tax and interest. A taxpayer who participates in the 5-year initiative is eligible for a waiver of 95% of the interest and penalties otherwise due upon payment of the tax.

Tax Vote: In

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

2 PART II

3 Sec. II-1. 36 MRSA §691, sub-§1, ¶A, as amended by PL 2007, c. 437, §8, is  
4 further amended to read:

5 A. "Eligible business equipment" means qualified property that, in the absence of  
6 this subchapter, would first be subject to assessment under this Part on or after April  
7 1, 2008. "Eligible business equipment" includes, without limitation, repair parts,  
8 replacement parts, replacement equipment, additions, accessions and accessories to  
9 other qualified business property that first became subject to assessment under this  
10 Part before April 1, 2008 if the part, addition, equipment, accession or accessory  
11 would, in the absence of this subchapter, first be subject to assessment under this Part  
12 on or after April 1, 2008. "Eligible business equipment" also includes inventory  
13 parts.

14 "Eligible business equipment" does not include:

15 (1) Office furniture, including, without limitation, tables, chairs, desks,  
16 bookcases, filing cabinets and modular office partitions;

17 (2) Lamps and lighting fixtures used primarily for the purpose of providing  
18 general purpose office or worker lighting;

19 (3) Property owned or used by an excluded person;

20 (4) Telecommunications personal property subject to the tax imposed by section  
21 457;

22 (5) Gambling machines or devices, including any device, machine, paraphernalia  
23 or equipment that is used or usable in the playing phases of any gambling activity  
24 as that term is defined in Title 8, section 1001, subsection 15, whether that  
25 activity consists of gambling between persons or gambling by a person involving  
26 the playing of a machine. "Gambling machines or devices" includes, without  
27 limitation:

28 (a) Associated equipment as defined in Title 8, section 1001, subsection 2;

29 (b) Computer equipment used directly and primarily in the operation of a  
30 slot machine as defined in Title 8, section 1001, subsection 39;

31 (c) An electronic video machine as defined in Title 17, section 330,  
32 subsection 1-A;

33 (d) Equipment used in the playing phases of lottery schemes; and

34 (e) Repair and replacement parts of a gambling machine or device;

35 (6) Property located at a retail sales facility and used primarily in a retail sales  
36 activity unless the property is owned by a business that operates a retail sales  
37 facility in the State exceeding 100,000 square feet of interior customer selling  
38 space that is used primarily for retail sales and whose Maine-based operations  
39 derive less than 30% of their total annual revenue on a calendar year basis from

1 sales that are made at a retail sales facility located in the State. For purposes of  
2 this subparagraph, the following terms have the following meanings:

3 (a) "Primarily" means more than 50% of the time;

4 (b) "Retail sales activity" means an activity associated with the selection and  
5 purchase of goods or services or the rental of tangible personal property.  
6 "Retail sales activity" does not include production as defined in section 1752,  
7 subsection 9-B; and

8 (c) "Retail sales facility" means a structure used to serve customers who are  
9 physically present at the facility for the purpose of selecting and purchasing  
10 goods or services at retail or for renting tangible personal property. "Retail  
11 sales facility" does not include a separate structure that is used as a  
12 warehouse or call center facility; ~~or~~

13 (7) Property that is not entitled to an exemption by reason of the additional  
14 limitations imposed by subsection 2-; or

15 (8) Personal property that would otherwise be entitled to exemption under this  
16 subchapter used primarily to support a telecommunications antenna used by a  
17 telecommunications business subject to the tax imposed by section 457.

18 **Sec. II-2. 36 MRSA §6652, sub-§1-B, ¶B**, as amended by PL 2003, c. 625, §1  
19 and affected by §3 and amended by c. 687, Pt. A, §10 and affected by Pt. B, §11, is  
20 further amended to read:

21 B. Lamps and lighting fixtures; ~~and~~

22 **Sec. II-3. 36 MRSA §6652, sub-§1-B, ¶C**, as repealed and replaced by PL  
23 2005, c. 218, §61 and affected by §63, is amended to read:

24 C. Gambling machines or devices, including any device, machine, paraphernalia or  
25 equipment that is used or usable in the playing phases of any gambling activity as that  
26 term is defined in Title 8, section 1001, subsection 15, whether that activity consists  
27 of gambling between persons or gambling by a person involving the playing of a  
28 machine. "Gambling machines or devices" includes, without limitation:

29 (1) Associated equipment as defined in Title 8, section 1001, subsection 2;

30 (2) Computer equipment used directly and primarily in the operation of a slot  
31 machine as defined in Title 8, section 1001, subsection 39;

32 (3) An electronic video machine as defined in Title 17, section 330, subsection  
33 1-A;

34 (4) Equipment used in the playing phases of lottery schemes; and

35 (5) Repair and replacement parts of a gambling machine or device; or

36 **Sec. II-4. 36 MRSA §6652, sub-§1-B, ¶D** is enacted to read:

37 D. Personal property that would otherwise be entitled to reimbursement under this  
38 chapter used primarily to support a telecommunications antenna used by a  
39 telecommunications business subject to the tax imposed by section 457.



1           **Sec. II-5. Application.** That section of this Part that amends the Maine Revised  
2 Statutes, Title 36, section 691, subsection 1, paragraph A applies to property tax years  
3 beginning on or after April 1, 2010. That section of this Part that amends Title 36,  
4 section 6652, subsection 1-B applies to application periods beginning on or after August  
5 1, 2010.

6

**Fiscal Note**

	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
<b>Revenue</b>				
<b>General Fund</b>	\$0	\$500,000	\$500,000	\$500,000

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**SUMMARY**

8

**PART II**

9           This Part excludes personal property used primarily to support an antenna used by a  
10 telecommunications business from the business equipment tax exemption program for  
11 property tax years beginning on or after April 1, 2010 and from the Business Equipment  
12 Tax Reimbursement program for application periods beginning on or after August 1,  
13 2010 for property taxes paid in calendar year 2009 and subsequent calendar years.

TAX Note:

Tabled on 1/28/10

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

2 PART JJ

3 Sec. JJ-1. 30-A MRSA §5681, sub-§5-C, as enacted by PL 2009, c. 213, Pt. S,  
4 §6 and affected by §16, is amended to read:

5 5-C. Transfers to General Fund. For the months beginning on or after July 1,  
6 2009, \$18,758,840 \$30,758,840 in fiscal year 2009-10 and \$25,260,943 \$40,260,943 in  
7 fiscal year 2010-11 from the total transfers pursuant to subsection 5 must be transferred to  
8 General Fund undedicated revenue. The amounts transferred to General Fund  
9 undedicated revenue each fiscal year pursuant to this subsection must be deducted from  
10 the distributions required by subsections 4-A and 4-B based on the percentage share of  
11 the transfers to the Local Government Fund pursuant to subsection 5. The reductions in  
12 this subsection must be allocated to each month proportionately based on the budgeted  
13 monthly transfers to the Local Government Fund as determined at the beginning of the  
14 fiscal year.

15 Sec. JJ-2. Transfers to General Fund for fiscal year 2009-10.  
16 Notwithstanding the requirement in the Maine Revised Statutes, Title 30-A, section 5681,  
17 subsection 5-C that amounts be transferred to General Fund undedicated revenue on a  
18 proportionate basis, for fiscal year 2009-10, the transfer of the amount as increased  
19 pursuant to this Part must be transferred on a proportional basis based on the number of  
20 months remaining in fiscal year 2009-10 following the effective date of this Part.

21

Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$12,000,000	\$15,000,000	\$0	\$0
Other Special Revenue	-\$12,000,000	-\$15,000,000	\$0	\$0

22

SUMMARY

23

PART JJ

24 This Part requires an additional transfer from the Local Government Fund to the  
25 General Fund of \$12,000,000 in fiscal year 2009-10 and \$15,000,000 in fiscal year  
26 2010-11. The increased amount for fiscal year 2009-10 must be transferred on a  
27 proportional basis based on the number of months remaining in the fiscal year.

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

2 PART KK

3 Sec. KK-1. 36 MRSA §6207, sub-§2-A, as enacted by PL 2007, c. 700, Pt. A,  
4 §2, is amended to read:

5 2-A. **Income eligibility.** For application periods beginning on or after August 1,  
6 ~~2008~~, a A single-member household with a household income in excess of \$60,000  
7 \$36,900 and a household with 2 or more members with a household income in excess of  
8 ~~\$80,000~~ \$49,200 are not eligible for a benefit.

9 Sec. KK-2. 36 MRSA §6209, sub-§4, as amended by PL 2009, c. 434, §81, is  
10 further amended to read:

11 4. **Income eligibility adjustment.** Beginning March 1, ~~2009~~ 2011, the State Tax  
12 Assessor shall annually multiply the household income eligibility adjustment factor by  
13 the maximum income eligibility amounts specified in section 6207, subsection 2-A, as  
14 previously adjusted. The result must be rounded to the nearest \$50 and applies to the  
15 application period beginning the next August 1st.

16 Sec. KK-3. **Application.** That section of this Part that amends the Maine Revised  
17 Statutes, Title 36, section 6207, subsection 2-A applies to application periods beginning  
18 on or after August 1, 2010.

19 Sec. KK-4. **Effective date.** That section of this Part that amends the Maine  
20 Revised Statutes, Title 36, section 6207, subsection 2-A takes effect August 1, 2010.

21  
Fiscal Note

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$0	\$5,581,932	\$7,089,384	\$7,279,784
Other Special Revenue	\$0	-\$3,388	-\$9,443	-\$11,036

22 SUMMARY

23 PART KK

24 This Part amends the Maine Residents Property Tax Program by modifying the  
25 income limitations to restrict eligibility for the program to single-member households  
26 with incomes of \$36,900 or less and households with 2 or more members with incomes of  
27 \$49,200 or less. This Part also changes the year the annual income eligibility adjustment  
28 for inflation begins to 2011 to reflect the change in income limitations.

Tax Vote: In

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

2 PART LL

3 Sec. LL-1. 5 MRSA §13080-S, sub-§3, as enacted by PL 1995, c. 644, §2, is  
4 amended to read:

5 3. **Deposit and payment of revenue.** On or before ~~June 30th~~ July 15th of each year,  
6 if the approval of the assessor has been issued pursuant to subsection 2, the  
7 Commissioner of Administrative and Financial Services shall deposit an amount equal to  
8 50% of the employment tax increment for the preceding year into a contingent account  
9 established, maintained and administered by the Commissioner of Administrative and  
10 Financial Services. On or before July 31st of each year, the Commissioner of  
11 Administrative and Financial Services shall pay that amount to the fund.

12 Sec. LL-2. 36 MRSA §6758, sub-§3, as amended by PL 2009, c. 361, §34 and c.  
13 461, §28, is repealed and the following enacted in its place:

14 3. **Deposit and payment of revenue.** On or before July 15th of each year, the  
15 assessor shall certify to the State Controller the total retained employment tax  
16 increment revenues for the preceding calendar year for approved employment  
17 tax increment financing programs to be transferred to the state employment  
18 tax increment contingent account established, maintained and administered  
19 by the State Controller from General Fund undedicated revenue within the  
20 withholding tax category. On or before July 31st of each year, the assessor  
21 shall pay to each approved qualified business an amount equal to the retained  
22 employment tax increment revenues of that qualified business for the  
23 preceding calendar year.

24

**Fiscal Note**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue				
General Fund	\$7,837,500	\$712,500	\$712,500	\$712,500
Other Special Revenue	\$412,500	\$37,500	\$37,500	\$37,500

25

26

27 SUMMARY

28 PART LL

29 This Part changes the date of the employment tax increment financing deposit from  
30 on or before June 30th to July 15th of each year and delays the deposit of the Loring  
31 Development Authority payment from June 30th to July 15th beginning in fiscal year  
32 2009-10. This Part also corrects a conflict that resulted when 2 conflicting laws were  
33 enacted in the First Regular Session of the 124th Legislature.

TAX VOTE: IN

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

2 PART MM

3 Sec. MM-1. 36 MRSA §685, sub-§4, as enacted by PL 1997, c. 643, Pt. HHH,  
4 §3 and affected by §10, is amended to read:

5 4. **Estimated and final payments by the State.** Reimbursement to municipalities  
6 must be made in the following manner.

7 A. The bureau shall estimate the amount of reimbursement required under this  
8 section for each municipality and certify ~~80%~~ 75% of the estimated amount to the  
9 Treasurer of State by August 1st, annually. The Treasurer of State shall pay by  
10 August 15th, annually, the amount certified to each municipality entitled to  
11 reimbursement.

12 B. A municipality claiming reimbursement under this section shall submit a claim to  
13 the bureau by November 1st of the year in which the exemption applies or within 30  
14 days of commitment of taxes, whichever occurs later. The bureau shall review the  
15 claims and determine the total amount to be paid. The bureau shall certify and the  
16 Treasurer of State shall pay by ~~December~~ July 15th of the year following the year in  
17 which the exemption applies the difference between the estimated payment issued  
18 and the amount that the bureau finally determines for ~~that tax~~ the year in which the  
19 exemption applies. ~~Municipal claims that are timely filed after November 1st must be~~  
20 ~~paid as soon as reasonably possible after the December 15th payment date.~~ If the total  
21 amount of reimbursement to which a municipality is entitled is less than the amount  
22 received under paragraph A, the municipality shall repay the excess to the State by  
23 December 30th of ~~the~~ that year, or the amount may be offset against the amount of  
24 state-municipal revenue sharing due the municipality under Title 30-A, section 5681.

25 Sec. MM-2. **Application.** That section of this Part that amends the Maine  
26 Revised Statutes, Title 36, section 685, subsection 4 applies to reimbursements for  
27 property tax years beginning on or after April 1, 2010.

28 SUMMARY

29 PART MM

30 This Part adjusts the estimated reimbursement payment to municipalities under the  
31 homestead property tax exemption program to 75% and delays the due date for the final  
32 payment to the following fiscal year.

JOINT STANDING COMMITTEE ON TAXATION  
Tax-related provisions of LD 1 FY2010-11 Supplemental Budget

UPDATED: 1/28/2010

Item #	Part of LD	TAX Page #	Program/Initiative/Language	FY10 Cost (Savings)	FY11 Cost (Savings)	Tax Committee Votes
1	A-1	TAX-1	<b>Bureau of Revenue Services</b> Reduces funding that will not be expended during the 2010-2011 biennium. This program performs scanning services for a variety of State Agencies. Revenues generated in this fund are used to cover the cost of this program and necessary equipment. Savings can be achieved through a delay in program related expenditures. (BRSF)	(\$150,880)	(\$151,720)	IN
2	A-1	TAX-1	<b>Homestead Property Tax Exemption</b> Reduces funding by adjusting the estimated reimbursement under the homestead property tax exemption payment to 75% and the final reimbursement payment to 25% and delays the due date for the final payment to the following fiscal year. See language in Part MM. (GF)	\$0	(\$5,385,865)	IN
3	A-1	TAX-1 & TAX-2	<b>Bureau of Revenue Services</b> Reduces funding for technology costs through a reprogramming of the data warehouse for Maine Revenue Services. Maine Revenue Services will undertake a reprogramming of the data warehouse to achieve savings. (GF)	(\$60,000)	\$0	IN
4	A-1	TAX-2	<b>Bureau of Revenue Services</b> Reduces funding for the econometric models used for revenue forecasting. Maine Revenue Services has determined that the cost for the econometric models used for revenue forecasting will be less than the amount budgeted for the models resulting in savings. (GF)	(\$75,000)	(\$75,000)	IN
5	A-1	TAX-2	<b>Bureau of Revenue Services</b> Reduces funding for printing costs by encouraging electronic filing and reducing the demand for printed forms. This initiative recognizes savings by printing fewer tax forms and encouraging electronic filing. (GF)	\$0	(\$156,000)	IN
6	A-1	TAX-2 & TAX 3	<b>Bureau of Revenue Services</b> Provides funding for costs associated with the 2010 Tax Receivables Reduction Initiatives. Funding in All Other is required for envelopes, printing and postage costs associated with the Taxes Receivable Reduction Initiative as per the legislation proposed in Part HH of this bill. (GF)	\$0	\$67,000	IN
7	A-1	TAX-3	<b>Tree Growth Tax Reimbursement</b> This initiative decreases by 10% the amount appropriated for fiscal year 2010-11 for municipal reimbursement of lost revenue for property enrolled in the Maine Tree Growth Tax Law program. (GF)	\$0	(\$531,250)	IN Vote = 8-4
8	A-1	TAX-3	<b>Veterans Tax Reimbursement</b> Reduces funding on a one-time basis in the Veterans Tax Reimbursement program. All reimbursement claims for fiscal year 2009-10 have been processed. Maine Revenue Services does not anticipate any additional claims to be paid for the Veterans Tax Reimbursement Program during fiscal year 2009-10. This initiative deappropriates one time savings. (GF)	(\$19,254)	\$0	IN

GF=General Fund  
OSR=Other Special Revenue  
BRSF=Bureau of Revenue Services Fund

\*REVENUE is stated as "savings" for budgeting purposes

**JOINT STANDING COMMITTEE ON TAXATION**  
**Tax-related provisions of LD 1671, FY2010-11 Supplemental Budget**

UPDATED: 1/28/2010

Item #	Part of LD	TAX Page #	Program/Initiative/Language	FY10 Cost (Savings)	FY11 Cost (Savings)	Tax Committee Votes
9	A-46	TAX-4	<b>Property Tax Review Board</b> Reduces funding due to a one-time reduction in the cost for legal services from the Department of the Attorney General. As a result of statewide Personal Services reductions the Department of the Attorney General reduced it's cost for legal services. (GF)	(\$3,256)	(\$3,294)	IN (language re: filing fees to be provided)
10	A-53	TAX-5	<b>Disproportionate Tax Burden Fund (REV2)</b> A downward revenue reprojction of the major tax lines by the Revenue Forecasting Committee in December 2009 resulted in less revenue available for State - Municipal Revenue Sharing to the Local Government Fund and to the Disproportionate Tax Burden Fund in the Department of Treasury. This initiative adjusts the allocation to the respective fund accounts accordingly. (OSR)	(\$1,680,629)	(\$1,618,389)	IN
11	A-53	TAX-5	<b>State-Municipal Revenue Sharing</b> Adjusts funding to bring allocations into line with projected available resources based on revenue changes approved by the Revenue Forecasting Committee in December 2009. A downward revenue reprojction of the major tax lines by the Revenue Forecasting Committee in December 2009 resulted in less revenue available for State - Municipal Revenue Sharing to the Local Government Fund and to the Disproportionate Tax Burden Fund in the Department of Treasury. This initiative adjusts the allocation to the respective fund accounts accordingly. (OSR)	(\$9,523,560)	(\$8,496,547)	IN
12	B-1	TAX-6	<b>Bureau of Revenue Services</b> RECLASSIFICATIONS - transfers \$23,190 from All Other to Personal Services for reclassifications. (GF)	\$0	\$0	IN
<b>LANGUAGE ITEMS</b>						
13	K-1	TAX-7	<b>Bureau of Revenue Services</b> Transfers Other Special Revenue Funds balance in the Taxation Revenue Collection account to General Fund unappropriated surplus in fiscal year 2009-10. (GF)	(\$140,000)	\$0	IN
14	K-1	TAX-7	<b>Bureau of Revenue Services</b> Transfers Other Special Revenue Funds balance in the Taxation Revenue Collection account to General Fund unappropriated surplus in fiscal year 2009-10. (OSR)	\$140,000	\$0	IN
15	DD-1	TAX-8	<b>Bureau of Revenue Services</b> Sec. DD-1. Transfer; unexpended funds; Bureau of Revenue Services Fund. Notwithstanding any other provision of law, the State Controller shall transfer \$350,000 by June 30, 2010 and \$200,000 by June 30, 2011 in unexpended funds from the Bureau of Revenue Services Fund in the Department of Administrative and Financial Services to General Fund unappropriated surplus. (BRFS)	\$350,000	\$200,000	IN
16	DD-1	TAX-8	<b>Bureau of Revenue Services</b> Transfer; Same as above. (GF)	(\$350,000)	(\$200,000)	IN

GF=General Fund  
 OSR= Other Special Revenue  
 BRFS= Bureau of Revenue Services Fund

\*REVENUE is stated as "savings" for budgeting purposes

JOINT STANDING COMMITTEE ON TAXATION  
Tax-related provisions of LD 1 FY2010-11 Supplemental Budget

UPDATED: 1/28/2010

Item #	Part of LD	TAX Page #	Program/Initiative/Language	FY10 Cost (Savings)	FY11 Cost (Savings)	Tax Committee Votes
17	GG-1	TAX-9	<b>Bureau of Revenue Services</b> Part GG adopts the process called the Finnigan approach for purposes of calculating the sales apportionment factor for C corporations. The Finnigan approach treats all members of the taxpayer's unitary affiliated group, whether they have nexus with Maine or not, as one entity. As a result, sales from the non-nexus affiliates within the unitary business of the taxpayer to Maine customers are included in both the numerator and the denominator as if the non-nexus entity had nexus with Maine. REVENUE* (GF)	\$0	(\$2,850,000)	IN as amended Vote = 9-3 (amendment language attached)
18	GG-1	TAX-9	<b>Bureau of Revenue Services</b> Part GG adopts the process called the Finnigan approach for purposes of calculating the sales apportionment factor for C corporations. The Finnigan approach treats all members of the taxpayer's unitary affiliated group, whether they have nexus with Maine or not, as one entity. As a result, sales from the non-nexus affiliates within the unitary business of the taxpayer to Maine customers are included in both the numerator and the denominator as if the non-nexus entity had nexus with Maine. REVENUE* (OSR)	\$0	(\$150,000)	IN as amended Vote = 9-3 (amendment language attached)
19	HH-1	TAX-10 to TAX-12	<b>Bureau of Revenue Services</b> Part HH enacts the 2010 Tax Receivables Reduction Initiatives to raise revenue and reduce outstanding tax receivables. There are 2 separate initiatives: a short-term initiative which applies to tax liabilities that are assessed as of December 31, 2009; and a 5-year initiative, which applies to tax liabilities that were assessed as of June 30, 2005. A taxpayer who participates in the short-term initiative is eligible for a waiver of 95% of the penalties due upon payment of the tax and interest. A taxpayer who participates in the 5-year initiative is eligible for a waiver of 95% of the interest and penalties otherwise due upon payment of the tax. REVENUE* (GF)	\$0	(\$9,500,000)	IN
20	HH-1	TAX-10 to TAX-12	<b>Bureau of Revenue Services</b> Part HH enacts the 2010 Tax Receivables Reduction Initiatives to raise revenue and reduce outstanding tax receivables. There are 2 separate initiatives: a short-term initiative which applies to tax liabilities that are assessed as of December 31, 2009; and a 5-year initiative, which applies to tax liabilities that were assessed as of June 30, 2005. A taxpayer who participates in the short-term initiative is eligible for a waiver of 95% of the penalties due upon payment of the tax and interest. A taxpayer who participates in the 5-year initiative is eligible for a waiver of 95% of the interest and penalties otherwise due upon payment of the tax. REVENUE* (OSR)	\$0	(\$500,000)	IN
21	II-1	TAX-13 to TAX-15	<b>Bureau of Revenue Services</b> Part II excludes a telecommunications tower supporting an antenna used by a telecommunications business from the business equipment tax exemption program for property tax years beginning on or after April 1, 2010. This Part excludes a telecommunications tower supporting an antenna used by a telecommunications business from the Business Equipment Tax Reimbursement program for application periods beginning on or after August 1, 2010 for property taxes paid in calendar year 2009 and subsequent calendar years. REVENUE* (GF)	\$0	(\$500,000)	IN

GF=General Fund  
OSR=Other Special Revenue  
BRSF=Bureau of Revenue Services Fund

\*REVENUE is stated as "savings" for budgeting purposes



**JOINT STANDING COMMITTEE ON TAXATION**  
**Tax-related provisions of LD 1671, FY2010-11 Supplemental Budget**

UPDATED: 1/28/2010

Item #	Part of LD	TAX Page #	Program/Initiative/Language	FY10 Cost (Savings)	FY11 Cost (Savings)	Tax Committee Votes
22	JJ-1	TAX-16	<b>State-Municipal Revenue Sharing</b> Same as above. REVENUE* (GF)	(\$12,000,000)	(\$15,000,000)	Tabled
23	JJ-1	TAX-16	<b>State-Municipal Revenue Sharing</b> Part JJ requires an additional transfer from the Local Government Fund to the General Fund of \$12,000,000 in fiscal year 2009-10 and \$15,000,000 in fiscal year 2010-11. The increased amount for fiscal year 2009-10 must be transferred on a proportional basis based on the number of months remaining in the fiscal year. REVENUE* (OSR)	\$12,000,000	\$15,000,000	Tabled
24	KK-1	TAX-17	<b>Maine Residents Property Tax Program (Circuitbreaker Program)</b> Part KK amends the Maine Residents Property Tax Program by modifying the income limitations to restrict eligibility for the program to single member households with income of \$36,900 or less and households with 2 or more members to \$49,200 or less. This Part also advances the date on annual income eligibility adjustment to reflect the change in section 6207(2-A). REVENUE* (GF)	\$0	(\$5,581,932)	Tabled
25	KK-1	TAX-17	<b>Circuitbreaker Program</b> Part KK amends the Maine Residents Property Tax Program by modifying the income limitations to restrict eligibility for the program to single member households with income of \$36,900 or less and households with 2 or more members to \$49,200 or less. This Part also advances the date on annual income eligibility adjustment to reflect the change in section 6207(2-A). REVENUE* (OSR)	\$0	\$3,388	Tabled
26	LL-1	TAX-18	<b>Loring Development Authority Payment</b> Part LL-1 delays the deposit of the Loring Development Authority payment from June 30 to July 15th beginning in fiscal year 2009-10. REVENUE* (GF) (Note: Items #26 & 27 total \$7,837,500 for FY10 in Fiscal Note.)	(\$712,500)	\$0	IN
27	LL-2	TAX-18	<b>Employment Tax Increment Financing (ETIF)</b> Part LL-2 changes the date of the employment tax increment financing deposit from on or before June 30th to July 15th of each year beginning in fiscal year 2009-10. REVENUE* (GF) (Note: Items #26 & 27 total \$7,837,500 for FY10 in Fiscal Note.)	(\$7,125,000)	(\$712,500)	IN
28	LL-1	TAX-18	<b>Loring Development Authority Payment</b> Same as above. REVENUE* (OSR) (Note: Items #28 & 29 total \$412,500 for FY10 in Fiscal Note.)	(\$37,500)	\$0	IN
29	LL-2	TAX-18	<b>Employment Tax Increment Financing (ETIF)</b> Same as above. REVENUE* (OSR) (Note: Items #28 & 29 total \$412,500 for FY10 in Fiscal Note.)	(\$375,000)	(\$37,500)	IN
30	MM-1 MM-2	TAX-19	<b>Homestead Property Tax Exemption</b> This Part adjusts the estimated reimbursement under the Homestead Program payment to 75% and the final reimbursement payment to 25% and delays the due date for the final payment to the following fiscal year. See item # 2 for fiscal information.	See item 2	See item 2.	IN
<b>General Fund Total Savings</b>				<b>\$20,495,010</b>	<b>\$40,428,841</b>	

GF=General Fund  
OSR=Special Revenue  
BRSE=Revenue Services Fund

\*REVENUE is stated as "savings" for budgeting purposes

## PROPOSED COMMITTEE AMENDMENT TO LD 1671

Amend the bill by striking out Part GG and inserting in its place the following:

‘**Sec. GG-1. 36 MRSA §5211, sub-§14**, as amended by PL 2009, c. 213, Pt. NN, §1 and affected by §5, is further amended to read:

**14. Sales factor formula.** The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this State during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. For purposes of calculating the sales factor, "total sales of the taxpayer" includes sales of the taxpayer and of any member of an affiliated group with which the taxpayer conducts a unitary business. The formula must exclude from both the numerator and the denominator sales of tangible personal property delivered or shipped by the taxpayer, regardless of F.O.B. point or other conditions of the sale, to a purchaser within a state in which the taxpayer is not taxable within the meaning of subsection 2, unless any member of an affiliated group with which the taxpayer conducts a unitary business is taxable in that state in the same manner as a taxpayer is taxable under subsection 2.

**Sec. GG-2. Application.** This Part applies to income tax years beginning on or after January 1, 2010.’

### SUMMARY

This Part changes and clarifies the calculation of the sales apportionment factor for C corporations.