

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill in Part A by striking out all of section 8 and inserting the following:

‘**Sec. A-8. 36 MRSA §5124-A**, as amended by PL 2009, c. 213, Pt. BBBB, §9 and affected by §17, is repealed.

Amend the bill in Part A by striking out sections 19 to 21 and inserting the following:

‘**Sec. A-19. 36 MRSA §5218-A** is enacted to read:

§ 5218-A. Household credit

1. Credit allowed. A resident individual is allowed a credit, referred to in this section as "the household credit," against the tax imposed by this Part. Unless the taxpayer elects to calculate the household credit under section 5218-B, the household credit is equal to the amount calculated in this section. An individual filing a return under section 5224-A is not eligible for a credit under this section.

2. Amount of base credit. The base household credit is:

A. For single individuals, \$700;

B. For unmarried individuals or legally separated individuals who qualify as heads of households, \$1,050;

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$1,200; and

D. For married persons filing separate returns, \$600.

3. Additional credit. The base household credit is increased by \$250 for each person for whom the individual is entitled to claim an exemption under the Code.

4. Phaseout of credit. The household credit calculated under subsections 2 and 3 is reduced by \$1.50 for every \$100 that the individual's taxable income exceeds:

A. For single individuals and married persons filing separate returns, \$27,500;

B. For unmarried individuals or legally separated individuals who qualify as heads of households, \$41,250; and

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$55,000.

5. Credit refundable. The household credit allowed under this section is refundable up to \$70 for a married joint return and \$50 for all other returns filed by an individual who is not claimed as a dependent by another individual on a return under the Code.

6. Adjustment for inflation. For tax years beginning in 2014 and thereafter, the household credit amounts under subsections 2 and 3 and the credit phaseout thresholds under subsection 4 must be adjusted annually for inflation as provided in chapter 841.

Sec. A-20. 36 MRSA §5218-B is enacted to read:

§ 5218-B. Alternate calculation of household credit

1. General. A resident individual who has claimed itemized deductions from federal adjusted gross income in determining the individual's federal taxable income for the taxable year may elect to calculate the household credit as provided in this section instead of under section 5218-A. An individual filing a return under section 5224-A is not eligible for a credit under this section. The credit calculated under this section is referred to in this section as "the alternate household credit."

2. Base. The alternate household credit is calculated by modifying the individual's total federal itemized deductions by:

A. Reducing the total by any amount attributable to income taxes or sales and use taxes imposed by this State or any other taxing jurisdiction;

B. Increasing the total by any amount of interest or expense incurred in the production of income taxable under this Part but exempt from federal income tax that was not deducted in determining the individual's federal taxable income;

C. Reducing the total by any amount of deduction attributable to income taxable to financial institutions under chapter 819;

D. Reducing the total by any amount attributable to interest or expenses incurred in the production of income exempt from tax under this Part; and

E. Reducing the total by any amount attributable to a contribution that qualified for and was actually used as a credit under section 5216-C.

3. Amount of base alternate household credit. The base alternate household credit is 5.5% of the individual's federal itemized deductions modified under subsection 2 plus:

A. For single individuals and married persons filing separate returns, \$400;

B. For unmarried individuals or legally separated individuals who qualify as heads of households, \$600; and

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$800.

4. Additional credit. The base alternate household credit, as adjusted under subsection 5, is increased by \$250 for each person for whom the individual is entitled to claim an exemption under the Code.

5. Maximum base alternate household credit. An individual's base alternate household credit may not exceed:

- A. For individuals filing as single or for married individuals filing separately, \$1,150;
- B. For individuals filing as heads of households, \$1,750; or
- C. For married individuals filing jointly, \$2,300.

6. Phaseout; refundability. An alternate household credit calculated under this section is subject to the phaseout and refundability provisions of section 5218-A, subsections 4 to 6. The maximum alternate household credit amounts under subsection 5 must be adjusted annually for inflation as provided in chapter 841.

Sec. A-21. 36 MRSA §5218-C is enacted to read:

§ 5218-C. Credit for certain charitable contributions

A credit is allowed against the tax otherwise due under this Part for certain charitable contributions. The credit equals 5% of the amount of charitable contributions claimed on a federal return, excluding deductions carried over from prior years, that exceeds \$250,000.

Sec. A-22. 36 MRSA §5218-D is enacted to read:

§ 5218-D. Elderly credit

A credit is allowed in the amount of \$60 for each taxpayer who is 65 years of age or older or \$120 for a married joint return if both spouses are 65 years of age or older. The credit is reduced by \$2 for every \$100 of adjusted gross income over \$32,000 for single filers, \$52,000 on a married joint return, \$48,000 on a head of household return and \$26,000 on a married filing separately return.

Sec. A-23. 36 MRSA §5219-A, as amended by PL 2003, c. 390, §§46 and 47, is repealed.

Amend the bill in Part A by striking out all of section 30 and inserting the following:

Sec. A-30. 36 MRSA §5402, sub-§1-B, as enacted by PL 1999, c. 731, Pt. T, §8 and affected by §11, is amended to read:

1-B. Cost-of-living adjustment. The "cost-of-living adjustment" for any calendar year is the Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Consumer Price Index for the 12-month period ending June 30, ~~2001~~2012.

Sec. A-31. 36 MRSA §5403, as amended by PL 2009, c. 213, Pt. WWW, §1 and affected by §2, is further amended to read:

§ 5403. Annual adjustments for inflation

Beginning in ~~2002~~2013, 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, 2-B and 3-B~~base household credit amounts under section 5218-A, subsection 2, the additional credit amount under section 5218-A, subsection 3, the credit phaseout thresholds under section 5218-A, subsection 4, the refundable limits under section 5218-A, subsection 5, the base alternate household credit amounts under section 5218-B, subsection 3, the additional credit amount under section 5218-B, subsection 4 and the maximum base alternate household credit amounts under section 5218-B, subsection 5. If the dollar amounts of each rate bracket for each base household credit amount under section 5218-A, subsection 2, each base alternate household credit amount under section 5218-B, subsection 3 or each maximum base alternate household credit amount under section 5218-B, subsection 5, adjusted by application of the cost-of-living adjustment, are not multiples of \$50\$25, any increase must be rounded to the next lowest multiple of \$50\$25. If the dollar amounts for the additional credit under section 5218-A, subsection 3, the refundable limits under section 5218-A, subsection 5 or the additional credit under section 5218-B, subsection 4, adjusted by application of the cost-of-living adjustment, are not multiples of \$5, any increase must be rounded to the next lowest multiple of \$5. If the dollar amounts for the credit phaseout thresholds under section 5218-A, subsection 4, 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.

~~Beginning in 2009 and each subsequent calendar year thereafter, the assessor shall reduce the cost-of-living adjustment by an amount that increases estimated noncorporate income tax revenue by \$10,500,000 for that calendar year using as a benchmark the most recent revenue projections of the Revenue Forecasting Committee established in Title 5, section 1710-E.~~

Sec. A-32. Legislative intent. It is the intent of the Legislature that the household credit provided under the Maine Revised Statutes, Title 36, section 5218-A and section 5218-B is to provide relief to low-income and middle-income persons from the disproportionate cost of living in this State including the high cost of heating oil and the heavy reliance of the citizens of the State on heating oil, which is the highest in the nation; the high cost of transportation and the limited availability of public transportation; the disproportionate state and local tax burden, including the extension of sales tax to services; and the high rate of local property taxes that contribute to household costs.

Sec. A-33. Report; authority for legislation. As soon as possible but no later than November 1, 2011, the State Tax Assessor shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters that includes 2010 tax data and revenue projections and shows the actual impact of this Act in 2010 and the projected impact of this Act in 2011 and 2012 on revenues and tax progressivity resulting from the changes in the tax laws effected by this Act.

The committee may submit legislation to the Second Regular Session of the 125th Legislature to adjust the household credit and alternative household credit to maintain revenue neutrality and to ensure that any revenue that exceeds revenue neutrality is used to increase the household and alternative household credits. The legislation may also include changes to the Maine Residents Property Tax Program as a means of providing tax relief.'

Amend the bill in Part B in section 3 in subsection 7 in the 3rd line (page 12, line 12 in L.D.) by striking out the following: "1/3" and inserting the following: '40%'

Amend the bill in Part B in section 3 in subsection 7 in the 9th line (page 12, line 18 in L.D.) by striking out the following: "1/3" and inserting the following: '40%'

Amend the bill in Part B by striking out sections 4 to 7 and inserting the following:

‘Sec. B-4. 36 MRSA §1752, sub-§1-I is enacted to read:

1-I. Administrative support operations. "Administrative support operations" means secretarial activities and supervision of administrative support staff; bookkeeping and accounting services; customer assistance activities; purchasing and receiving activities; human resources activities; and executive, tax compliance and legal support activities.

Sec. B-5. 36 MRSA §1752, sub-§1-J is enacted to read:

1-J. Amusement, entertainment and recreation services. "Amusement, entertainment and recreation services" is defined pursuant to this subsection.

A. "Amusement, entertainment and recreation services" means the following services:

(1) Admission to entertainment venues and performances, including theaters, movies, lectures, concerts, festivals, amusement parks, water parks, fairgrounds, except for licensed agricultural fairs, race tracks, carnivals, circuses, sports activities, stadiums, amphitheaters, museums, planetariums, animal parks, petting zoos, aquariums, historical sites and convention centers;

(2) Fees charged for participation in or entry to golf courses, miniature golf courses, bowling alleys, swimming pools, skating rinks, ski lifts, billiard parlors, gymnasiums, go-cart courses, tennis and racquetball courts and paintball;

(3) Admission fees charged for exhibition shows such as auto, boat, camping, home, garden, animal and antique shows;

(4) Scenic and sight-seeing excursions including aircraft, helicopter, balloon, blimp, watercraft, railroad, bus, trolley and wagon rides, whitewater rafting and guided recreation, but excluding scenic and sight-seeing excursions on federally navigable waters;

(5) Entertainment services such as those provided by bands, orchestras, disc jockeys, comedians, clowns, jugglers, children's entertainers and ventriloquists; and

(6) Proceeds from arcade games.

B. "Amusement, entertainment and recreation services" does not include:

(1) Admission to a licensed agricultural fair or charges for participation in any events or activities occurring at the fair organized by a school or incorporated nonprofit organization if all the proceeds from the event or activity are used for the charitable purposes of the school or organization;

(2) Fees charged by health clubs, fitness centers and other facilities and swimming pools associated with those clubs, centers or facilities that are intended predominantly for human physical training and improvement rather than recreation and play; or

(3) Admission to:

(a) Museums and aquariums operated by a governmental entity or incorporated, nonprofit organization;

(b) Concerts, dance productions, theatrical productions, sports activities or similar events or activities organized and performed by a school or incorporated, nonprofit organization, if all proceeds of the event or activity are used for the charitable purposes of that school or organization; or

(c) Festivals and special events organized by governmental entities, schools or incorporated, nonprofit organizations if all the proceeds of the festival or special event are directed to support a charitable purpose.

Sec. B-6. 36 MRSA §1752, sub-§1-K is enacted to read:

1-K. Candy. "Candy" means a preparation of sugar, honey or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops or pieces and that does not contain flour or require refrigeration.'

Amend the bill in Part B in section 10 by striking out all of subsection 4-A (page 14, lines 1 to 10 in L.D.) and inserting the following:

‘4-A. Installation, repair or maintenance services. "Installation, repair or maintenance services" is defined pursuant to this subsection.

A. "Installation, repair or maintenance services" means:

(1) All services involved in the installation, repair or maintenance of jewelry, cameras, guns, musical instruments, electronic and mechanical equipment, lawn and garden equipment, computer hardware and office equipment, vehicles and appliances;

(2) Service and maintenance contracts with regard to personal property identified in subparagraph (1);

(3) Tailoring and clothing and shoe repair; and

(4) Furniture repair and restoration.

B. "Installation, repair or maintenance services" does not include:

(1) Services performed on tangible personal property used or held for use at or located at a manufacturing facility or fabrication facility, other than tangible personal property used in administrative support operations; or

(2) Services involved in the installation, repair or maintenance of computer software, special mobile equipment, aircraft, watercraft or a truck or truck tractor registered in the name of a business as a commercial motor vehicle under Title 29-A, section 504.

Amend the bill in Part B in section 13 in subsection 8-C in the next to the last line (page 15, line 19 in L.D.) by striking out the following: "functions" and inserting the following: 'operations'

Amend the bill in Part B in section 15 in subsection 11-A in paragraph B by striking out all of subparagraph (4) and inserting the following:

(4) The sale of labor and parts used in the performance of repair services under a service or maintenance contract sold on or after January 1, 2010;

Amend the bill in Part B in section 15 in subsection 11-A in paragraph B in subparagraph (9) in the last line (page 16, line 31 in L.D.) by inserting after the following: "rental" the following: 'except for production machinery or equipment'

Amend the bill in Part B by inserting after section 15 the following:

'Sec. B-16. 36 MRS §1752, sub-§11-B is enacted to read:

11-B. Retirement facility. "Retirement facility" means a facility that includes residential dwelling units where, on an average monthly basis, at least 80% of the residents of the facility are persons 62 years of age or older.'

Amend the bill in Part B in section 19 in subsection 17-B by striking out all of paragraph D (page 18, lines 2 and 3 in L.D.)

Amend the bill in Part B in section 19 in subsection 17-B by relettering the paragraphs to read consecutively.

Amend the bill in Part B in section 20 in subsection 20-B in the 2nd line (page 18, line 11 in L.D.) by striking out the following: "taxicab or" and in the last line (page 18, line 12 in L.D.) by inserting after the following: "services." the following: 'For the purposes of this Part, "limousine service" means livery service hired for a specific event.'

Amend the bill in Part B by striking out all of section 21 and inserting the following:

‘Sec. B-21. 36 MRSA §1752, sub-§21, as amended by PL 2005, c. 215, §17, is further amended to read:

21. Use. "Use" includes the exercise in this State of any right or power over tangible personal property incident to its ownership, including the derivation of income, whether received in money or in the form of other benefits, by a lessor from the rental of ~~tangible personal property~~production machinery or equipment located in this State.’

Amend the bill in Part B by inserting after section 23 the following:

‘Sec. B-24. 36 MRSA §1760, sub-§6, ¶E, as amended by PL 2007, c. 529, §2, is further amended to read:

E. Served by colleges to employees of the college when the meals are purchased with debit cards issued by the colleges; and

Sec. B-25. 36 MRSA §1760, sub-§6, ¶F, as amended by PL 2009, c. 211, Pt. B, §30, is further amended to read:

F. Served by youth camps licensed by the Department of Health and Human Services and defined in Title 22, section 2491, subsection 16; and

Sec. B-26. 36 MRSA §1760, sub-§6, ¶G is enacted to read:

G. Served by a retirement facility to its residents when the cost of the meals is included in a comprehensive fee that includes the right to reside in a residential dwelling unit and meals or other services, whether that fee is charged annually, monthly, weekly or daily.

Amend the bill in Part B in section 24 in subsection 32-A in the last line (page 18, line 29 in L.D.) by inserting after the following: "32" the following: 'or subsection 87 or that is eligible for refund or exemption under section 2013'

Amend the bill in Part B by striking out section 26 and inserting the following:

‘Sec. B-26. 36 MRSA §1760, sub-§82-A is enacted to read:

82-A. Sales of taxable services delivered outside this State. Sales of taxable services performed on or with respect to tangible personal property located outside this State or when the property is brought into this State for performance of the services, and, following the performance of the services, the seller delivers the property to a location outside this State or to the United States Postal Service, a common carrier or a contract carrier hired by the seller for delivery to a location outside this State for use solely outside this State.

Sec. B-27. 36 MRSA §1760, sub-§92 is enacted to read:

92. Certain services. Sales of services that are subject to taxation under chapter 358.

Sec. B-28. 36 MRSA §1760, sub-§93 is enacted to read:

93. Certain taxable services. The sale of a taxable service sold by a person that has made sales taxable under this Part during the most recent calendar year of no more than \$5,000.

Sec. B-29. 36 MRSA §1760, sub-§94 is enacted to read:

94. Services to affiliates. Sales of installation, repair or maintenance services made between affiliated taxpayers that are engaged in a unitary business as defined in section 5102, subsection 10-A.

Sec. B-30. 36 MRSA §1760, sub-§95 is enacted to read:

95. Snowmaking. Sales or leases to a business that makes snow for skiing, snowmobiling or similar activities of:

A. Electricity or fuel used to make snow;

B. Machinery and equipment that is used directly and primarily in the making of snow; or

C. Snow-grooming equipment.'

Amend the bill in Part B in section 27 in §1760-C in the first paragraph in the next to the last line (page 20, line 17 in L.D.) by inserting after the following: "purposes" the following: ', except for those exemptions provided in section 1760, subsection 6,'

Amend the bill in Part B in section 29 by striking out all of the first paragraph (page 20, lines 32 to 43 and page 21, lines 1 to 5 in L.D.) and inserting the following:

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is ~~7%~~8.5% 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%~~8.5% on the value of rental of living quarters in any hotel, rooming house or tourist ~~or trailer~~ camp; ~~7%~~ on the value of rental of living quarters in a trailer camp; ~~10%~~12.5% on the value of rental for a period of less than one year of an automobile, including a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; ~~7%~~8.5% on the value of prepared food; and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided. The value of rental for a period of less than

one year of an automobile is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.'

Amend the bill in Part B in section 33 in §1817 in the first paragraph in the first line (page 21, line 26 in L.D.) by striking out the following: "The" and inserting the following: 'Except as provided in section 1818, the'

Amend the bill in Part B in section 33 in §1817 in the first paragraph by striking out the last sentence (page 21, lines 38 to 40 in L.D.) and inserting the following: 'This section does not apply to a lease associated with a sale and leaseback transaction when that sale and leaseback occurs within 90 days of the lessee's original purchase of the equipment.'

Amend the bill in Part B by inserting after section 33 the following:

'**Sec. B-34. 36 MRSA §1818** is enacted to read:

§ 1818. Leases and rentals of production machinery

With regard to production machinery and equipment described in section 1760, subsection 31, the tax imposed by this Part must be paid by the lessor based on the acquisition cost of the machinery or equipment. Lease or rental payments by the lessee or renter are not subject to tax under this Part.'

Amend the bill in Part B in section 36 in §2020 in the first paragraph in the 5th to 7th lines (page 22, lines 40 and 41 and page 23, line 1 in L.D.) by striking out the following: "with respect to the lease of property upon which a sales or use tax was due and has been paid in this State" and inserting the following: 'or does not impose tax on any portion of the lease of property that remains after the property is removed from that taxing jurisdiction'

Amend the bill in Part B by inserting after section 36 the following:

'**Sec. B-37. 36 MRSA §2021** is enacted to read:

§ 2021. Early termination of lease

If a lease on property with respect to which the tax imposed by this Part has been paid on an accelerated basis is terminated by the lessee before the expiration of the lease term, the lessee is entitled to a refund of the tax allocable to that portion of the remaining lease payments. A refund may not be issued if the early termination is the result of an option to purchase the leased property or the lease has been terminated due to nonpayment.'

Amend the bill in Part B by striking out all of sections 38 to 40.

Amend the bill in Part B by striking out all of sections 43 and 44 and inserting the following:

'**Sec. B-43. 36 MRSA c. 720** is enacted to read:

CHAPTER 720

AIRPORT TRANSPORTATION FEE

§ 4851. Airport transportation fee imposed

A fee of \$1 per passenger is imposed on a taxicab operator or a limousine operator, not subject to sales tax under Part 3, for each conveyance originating from or terminating at a commercial airport.

§ 4582. Administration

The fee imposed by this chapter is administered as provided in chapter 7 and Part 3, with the fee imposed pursuant to this chapter to be considered as imposed under Part 3.

Sec. B-44. Rules. The State Tax Assessor, no later than November 1, 2009, shall develop informational bulletins for affected businesses describing in detail the sales tax changes contained in this Part. When developing this information the State Tax Assessor shall consult with and be guided by the Joint Standing Committee on Taxation. The State Tax Assessor shall concurrently adopt major substantive rules to implement the changes contained in this Part pursuant to the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A. Major substantive rules must be proposed in time to be considered by the Legislature during the Second Regular Session of the 124th Legislature.

Sec. B-45. Monthly reports. The State Tax Assessor shall provide monthly reports to the Joint Standing Committee on Taxation through April 1, 2010 regarding the State's activities in implementing the provisions of this Part that broaden the sales tax base and increase the sales tax on prepared meals, lodging and rentals of automobiles for less than one year. The report must include:

1. Information for taxpayers. A plan for providing information to taxpayers and the public about new sales and use tax obligations under this Part;

2. Implementation progress. Progress reports on implementation of the plan and copies of taxpayer materials and informational materials that are proposed for issuance by the assessor; and

3. Materials. Copies of proposed bulletins and taxpayer guidance materials.

The assessor shall inform the committee about implementation issues and shall seek the committee's advice on implementation and proposed rules. The committee may submit legislation to the Second Regular Session of the 124th Legislature regarding implementation of the provisions of this Part that broaden the sales tax base and increase the sales tax on prepared meals, lodging and rentals of automobiles for less than one year.'

Amend the bill in Part B by striking out all of section 46 (page 24, lines 19 to 28 in L.D.)

Amend the bill in Part B in section 47 in the first line (page 24, line 29 in L.D.) by inserting after the following: "2010" the following: ', except that the portion of this Part that increases the tax on short-term automobile rentals takes effect October 1, 2009'

Amend the bill in Part C in section 1 by striking out all of subsection 2-B (page 24, lines 32 to 34 in L.D.) and inserting the following:

2-B. Residential property. "Residential property" means real property improved with one or more buildings or structures that in whole or in part are used for, or legally permitted to be used for,

dwelling unit or guest room purposes. "Residential property" includes condominiums but does not include property with multiple dwelling units when 2 or more of the units are intended to be used primarily for rental purposes.'

Amend the bill by inserting after Part C the following:

PART D

Sec. D-1. 36 MRSA §6201, sub-§5, as amended by PL 1995, c. 368, Pt. CCC, §7 and affected by §11, is further amended to read:

5. Homestead. "Homestead" means the dwelling owned or rented by the claimant or held in a revocable living trust for the benefit of the claimant and occupied by the claimant and the claimant's dependents as a home, and may consist of a part of a multidwelling or multipurpose building and a part of the land, ~~up to 10 acres~~, upon which it is built. "Owned" includes a vendee in possession under a land contract and of one or more joint tenants or tenants in common.

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

7. Household income. "Household income" means all income received by all persons of a household in a calendar year while members of the household, excluding the income of members of the household for whom the claimant under this chapter is entitled to claim an exemption as a dependent under Part 8 for the year for which relief is requested.

Sec. D-3. 36 MRSA §6201, sub-§9, as repealed and replaced by PL 2007, c. 438, §113, is amended to read:

9. Income. "Income" means Maine adjusted gross income determined in accordance with Part 8, modified as provided by this subsection.

A. Maine adjusted gross income must be increased by the following amounts, to the extent not included in Maine adjusted gross income:

(1) Contributions, including catch-up contributions, to any pension, annuity or retirement plan, including contributions to an individual retirement account under Section 408 of the Code, a simplified employee pension plan, a salary reduction simplified employee pension plan, a savings incentive match plan for employees plan and a deferred compensation plan under Section 457 of the Code and cash or deferred arrangements under Section 401 of the Code and qualified, or "Keogh," accounts;

~~(2) Nontaxable contributions to a flexible spending arrangement under Section 125 of the Code;~~

- ~~(3) Amounts excluded from gross income under Section 129 of the Code;~~
- (4) Distributions from a ROTH IRA;
- (5) Capital gains;
- (6) The absolute value of the amount of trade or business loss, net operating loss carry-over, capital loss, rental loss, farm loss, partnership or S Corporation loss included in Maine adjusted gross income;
- ~~(7) Inheritance;~~
- ~~(8) Life insurance proceeds paid on death of an insured;~~
- ~~(9) Nontaxable lawsuit rewards resulting from lawsuits for actions such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal expenses associated with the case;~~
- (10) Support money;
- ~~(11) Nontaxable strike benefits;~~
- (12) The gross amount of any pension or annuity, including railroad retirement benefits;
- (13) All payments received under the federal Social Security Act and state unemployment insurance laws;
- (14) Veterans' disability pensions;
- (15) Nontaxable interest received from the Federal Government or any of its agencies or instrumentalities;
- (16) Interest or dividends on obligations or securities of this State and its political subdivisions and authorities;
- (17) Workers' compensation and the gross amount of "loss of time" insurance; and

(18) Cash public assistance and relief, but not including relief granted under this chapter; and

(19) The total nontaxable portion of the following items of income, determined as if a federal income tax return were required, but only if the total of all of the following income items exceeds \$5,000:

(a) Jury duty payments;

(b) Awards;

(c) Lawsuit awards resulting from lawsuits for actions such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal expenses associated with the case;

(d) Strike benefits; and

(e) Life insurance proceeds paid on death of an insured.

B. Maine adjusted gross income must be decreased by the following amounts, to the extent included in Maine adjusted gross income:

~~(1) The first \$5,000 of proceeds from a life insurance policy, whether paid in a lump sum or in the form of an annuity;~~

(2) A rollover from an individual retirement account, pension or annuity fund or plan to an individual retirement account, pension or annuity fund or plan;

(3) Gifts from nongovernmental sources; and

(4) Surplus foods or other relief in kind supplied by a governmental agency.

Sec. D-4. 36 MRSA §6203-A, as amended by PL 2009, c. 213, Pt. S, §14 and affected by §16, is repealed and the following enacted in its place:

§ 6203-A. Procedure for reimbursement

1. Application periods beginning August 1, 2009 and August 1, 2010. For application periods beginning August 1, 2009 and August 1, 2010, at least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. At least monthly, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

2. Application periods beginning during or after January 2011; applications filed January 1st to June 30th. For application periods beginning during or after January 2011 and with respect to applications filed prior to July 1st, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller at any time after June 30th, but no later than July 15th, to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. No later than August 1st, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

3. Application periods beginning during or after January 2011; applications filed after June 30th. For application periods beginning during or after January 2011 and with respect to applications filed after June 30th but prior to the following November 15th, plus any time granted to file, at least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. At least monthly, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

Sec. D-5. 36 MRS §6204, as amended by PL 2005, c. 2, Pt. E, §3 and affected by §§7 and 8, is repealed and the following enacted in its place:

§ 6204. Filing date

1. Application period beginning August 1, 2009. For the application period beginning August 1, 2009, a claim may not be paid unless the claim is filed with the bureau on or after August 1, 2009 and on or before May 31, 2010.

2. Application period beginning August 1, 2010. For the application period beginning August 1, 2010, a claim may not be paid unless the claim is filed with the bureau on or after August 1, 2010 and on or before November 30, 2010.

3. Application periods beginning on or after January 1, 2011. For application periods beginning on or after January 1, 2011, a claim may not be paid unless the claim is filed with the bureau during or after January and on or before the following November 15th.

Sec. D-6. 36 MRSA §6207, sub-§1, ¶A-1, as amended by PL 2009, c. 213, Pt. XXX, §1, is further amended to read:

A-1. Fifty percent of that portion of the benefit base that exceeds 4% but does not exceed 8% of income plus 100% of that portion of the benefit base that exceeds 8% of income ~~to a maximum payment of \$2,000; and~~ calculated according to tables established by the State Tax Assessor.

(1) Tables established by the assessor must be based on the benefit formula set forth in this subsection and include benefit base brackets in increments of \$100 and household income brackets in increments of \$1,000.

(2) The maximum benefit under this subsection is limited to \$2,000;

Sec. D-7. 36 MRSA §6207, sub-§1, ¶B, as enacted by PL 2009, c. 213, Pt. XXX, §2, is amended to read:

B. For application periods beginning on August 1, 2009 and on August 1, 2010, the benefit is limited to 80% of the amount determined under paragraph A-1; and

Sec. D-8. 36 MRSA §6207, sub-§1, ¶C is enacted to read:

C. For application periods beginning on or after January 1, 2011, the benefit is limited to 88% of the amount determined under paragraph A-1.

Sec. D-9. 36 MRSA §6210, last ¶, as amended by PL 2005, c. 218, §59, is further amended to read:

The assessor shall include ~~a checkoff to request an~~ the application form and instructions for the Maine Residents Property Tax Program ~~on~~ with the individual income tax form. The assessor shall also provide a paperless option for filing an application for the Maine Residents Property Tax Program.

Sec. D-10. Report. By January 15, 2012, the State Tax Assessor shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters providing information comparing the annual cost of the Maine Residents Property Tax Program from 2005 to 2011, including the number of applicants for benefits under the Maine Residents Property Tax Program and the average benefits provided, and providing projections for the same information for 2012 to 2015. The report must identify the extent of increased participation in and benefit cost of the Maine Residents Property Tax Program as the result of coordination of the program with the income tax. The committee may submit legislation related to the report to the Second Regular Session of the 125th Legislature.

Sec. D-11. Application. Unless otherwise specified and except for that section of this Part that amends the Maine Revised Statutes, Title 36, section 6210, this Part applies to application filed with respect to program application periods of the Maine Residents Property Tax Program beginning on or after August 1, 2010. That section of this Part that amends Title 36, section 6210 applies to application filed with respect to program application periods of the Maine Residents Property Tax Program beginning during or after January 2011.

PART E

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Revenue Services - Bureau of 0002

Initiative: Provides funding for 5 Tax Examiner positions and one Senior Tax Examiner position beginning October 1, 2010 to implement the individual income tax and rent and property refund tax law changes.

GENERAL FUND	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	0.000	6.000
Personal Services	\$0	\$340,479
All Other	\$0	\$697,768
GENERAL FUND TOTAL	\$0	\$1,038,247

Revenue Services - Bureau of 0002

Initiative: Provides funding for one Account Associate II position, one Tax Examiner position and 3 Revenue Agent positions beginning October 1, 2009 to implement the sales and use tax law changes.

GENERAL FUND	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	5.000	5.000
Personal Services	\$235,211	\$332,242
All Other	\$287,862	\$140,602
GENERAL FUND TOTAL	\$523,073	\$472,844

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

DEPARTMENT TOTALS	2009-10	2010-11
GENERAL FUND	\$523,073	\$1,511,091
DEPARTMENT TOTAL - ALL FUNDS	\$523,073	\$1,511,091

ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF

Office of Tourism 0577

Initiative: Allocates funds to the Tourism Marketing Promotion Fund due to the increase in certain sales tax revenue.

OTHER SPECIAL REVENUE FUNDS	2009-10	2010-11
All Other	\$0	\$740,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$740,000

ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF DEPARTMENT TOTALS	2009-10	2010-11
OTHER SPECIAL REVENUE FUNDS	\$0	\$740,000
DEPARTMENT TOTAL - ALL FUNDS	\$0	\$740,000

SECTION TOTALS	2009-10	2010-11
GENERAL FUND	\$523,073	\$1,511,091
OTHER SPECIAL REVENUE FUNDS	\$0	\$740,000
SECTION TOTAL - ALL FUNDS	\$523,073	\$2,251,091

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment makes changes to Part A of the bill to add income tax credits for charitable contributions exceeding \$250,000 and an additional credit for persons who are 65 years of age or older. The amendment also adjusts the formulas for calculation of the household credit and indexing for inflation of that credit. The amendment also requires that the State Tax Assessor report to the joint standing committee of the Legislature having jurisdiction over taxation matters by November 1, 2011 regarding the impact of the changes in the tax laws contained in the bill and authorizes the committee to submit legislation to the Second Regular Session of the 125th Legislature.

This amendment makes changes to Part B of the bill to clarify the definitions of taxable services and candy. The amendment creates sales tax exemptions for meals served at certain retirement facilities, sales of certain taxable services delivered outside the State, sales to affiliates, sales of services by a person that has made less than \$5,000 in sales of such services during the previous year and certain sales to a business that makes snow for skiing, snowmobiling or similar activities. The amendment reduces the sales tax rate for short-term rental of automobiles to 12.5% and makes changes to the taxation of leases. The

amendment establishes an airport transportation fee of \$1 for each person transported to a commercial airport by taxicab or limousine. The amendment also requires the State Tax Assessor to report to and consult with the joint standing committee of the Legislature having jurisdiction over taxation matters in the preparation of bulletins, taxpayer guidance materials and major substantive rules relating to the implementation of Part B.

This amendment makes changes in Part C to change the meaning of "residential property."

This amendment adds Part D, which makes the following changes to the Maine Residents Property Tax Program, or Circuitbreaker Program.

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

It changes the time for filing an application. For calendar year 2008 benefits, the application period is August 1, 2009 through May 31, 2010. For calendar year 2009 benefits, the application period is August 1, 2010 through November 30, 2010. For benefit periods after 2009, the application must be filed during or after January and on or before November 15th of the following calendar year.

With respect to application periods beginning after 2010, benefits for applications filed from January through June 30th will be paid in July of that year. Benefits for applications filed after June will be paid at least monthly as is now done under current law. For application periods beginning on or after August 1, 2010, the benefit will be calculated on the basis of tables provided by the State Tax Assessor utilizing the benefit formula in current law.

Beginning with the 2010 tax year, the Maine individual income tax booklets must contain the Circuitbreaker Program application and instructions.

This amendment adds a Part E to the bill to add an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)