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Date: (Filing No. S-)

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**STATE OF MAINE
SENATE
126TH LEGISLATURE
SECOND REGULAR SESSION**

SENATE AMENDMENT “ ” to H.P. 1264, L.D. 1762, Bill, “An Act Related to the Report of the Tax Expenditure Review Task Force”

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'PART A

Sec. A-1. PL 2013, c. 368, Pt. S, §8 is repealed.

Sec. A-2. PL 2013, c. 368, Pt. S, §9 is repealed.

Sec. A-3. State Controller; post-closing. The State Controller is authorized to keep open the official system of general accounts of State Government for fiscal year 2013-14 in order to make post-closing entries and adjustments to carry out the provisions of this Act.

PART B

Sec. B-1. 36 MRSA §5219-II, first ¶, as enacted by PL 2013, c. 368, Pt. L, §1, is amended to read:

For tax years beginning on or after January 1, 2013 and before January 1, 2104, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part.

Sec. B-2. 36 MRSA §5219-KK is enacted to read:

§5219-KK. Property tax fairness credit on or after January 1, 2014

For tax years beginning on or after January 1, 2014, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

SENATE AMENDMENT

1 **Sec. C-2. 36 MRSA §683, sub-§1**, as amended by PL 2009, c. 213, Pt. YYY, §1
2 and affected by c. 652, Pt. A, §63, is further amended to read:

3 **1. Exemption amount.** Except for assessments for special benefits, the lesser of
4 \$50,000 and 50% of the just value of \$10,000 ~~of the homestead~~ of a permanent resident
5 of this State who has owned a homestead in this State for the preceding 12 months is
6 exempt from taxation. In determining the local assessed value of the exemption, the
7 assessor shall multiply the amount of the exemption by the ratio of current just value
8 upon which the assessment is based as furnished in the assessor's annual return pursuant
9 to section 383. If the title to the homestead is held by the applicant jointly or in common
10 with others, the exemption may not exceed ~~\$10,000~~ the lesser of \$50,000 and 50% of the
11 just value of the homestead, but may be apportioned among the owners who reside on the
12 property to the extent of their respective interests. A municipality responsible for
13 administering the homestead exemption has no obligation to create separate accounts for
14 each partial interest in a homestead owned jointly or in common.

15 **Sec. C-3. 36 MRSA §683, sub-§3**, as amended by PL 2005, c. 2, Pt. F, §3 and
16 affected by §5, is repealed and the following enacted in its place:

17 **3. Effect on state valuation.** The percentage of just value of exempt homestead
18 property to be included in the annual determination of state valuation under sections 208
19 and 305 is the percentage specified in section 685, subsection 2.

20 **Sec. C-4. 36 MRSA §683, sub-§4**, as amended by PL 2005, c. 2, Pt. F, §3 and
21 affected by §5, is further amended to read:

22 **4. Property tax rate.** ~~Fifty percent of the value of homestead exemptions under this~~
23 ~~subchapter~~ The percentage of just value of exempt homestead property specified in
24 section 685, subsection 2 must be included in the total municipal valuation used to
25 determine the municipal tax rate. The municipal tax rate as finally determined may be
26 applied to only the taxable portion of each homestead qualified for that tax year.

27 **Sec. C-5. 36 MRSA §685, sub-§2**, as amended by PL 2005, c. 2, Pt. F, §4 and
28 affected by §5, is repealed and the following enacted in its place:

29 **2. Entitlement to reimbursement by the State; calculation.** A municipality that
30 has approved homestead exemptions under this subchapter may recover from the State
31 the applicable percentage of property tax revenue lost by reason of the exemptions, upon
32 proof in a form satisfactory to the bureau, as follows.

33 A. The bureau shall reimburse the Unorganized Territory Education and Services
34 Fund for 50% of taxes lost by reason of the exemptions.

35 B. For municipalities with a full value property tax mill rate at or below the
36 statewide average, the bureau shall reimburse the municipality for 50% of taxes lost
37 by reason of the exemptions.

38 C. For municipalities with a full value property tax mill rate that is between one and
39 2 times the statewide average, the bureau shall reimburse the municipality for a
40 percentage of taxes lost by reason of the exemptions that is half of the ratio of the full
41 value property tax mill rate of the municipality divided by the statewide average
42 property tax mill rate.

1 D. For municipalities with a full value property tax mill rate at or above a rate that is
2 double the statewide average, the bureau shall reimburse the municipality for 100%
3 of taxes lost by reason of the exemptions.

4 **Sec. C-6. 36 MRSA §699, sub-§2**, as enacted by PL 2005, c. 623, §1, is amended
5 to read:

6 **2. Intent.** It is the intent of the Legislature to fund fully ~~transfers to the~~
7 ~~Disproportionate Tax Burden Fund under section 700-A, subsection 1 and~~
8 ~~reimbursements under the business equipment tax reimbursement program under section~~
9 ~~6652, subsection 4, paragraph B.~~

10 **Sec. C-7. 36 MRSA §700-A**, as enacted by PL 2005, c. 623, §1, is repealed.

11 **Sec. C-8. 36 MRSA §700-B**, as amended by PL 2009, c. 213, Pt. S, §10 and
12 affected by §16, is repealed.

13 **Sec. C-9. Application.** This Part applies to property tax years beginning on or
14 after April 1, 2015.

15 **Sec. C-10. Effective date.** Those sections of this Part that repeal the Maine
16 Revised Statutes, Title 30-A, section 5681 and Title 36, sections 700-A and 700-B take
17 effect July 1, 2015.

18 PART D

19 **Sec. D-1. 36 MRSA §1811, first ¶**, as amended by PL 2013, c. 368, Pt. M, §2
20 and Pt. N, §2, is repealed and the following enacted in its place:

21 A tax is imposed on the value of all tangible personal property and taxable services
22 sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed
23 establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title
24 28-A, chapter 43: 7% on the value of rental of living quarters in any hotel, rooming house
25 or tourist or trailer camp; 10% on the value of rental for a period of less than one year of
26 an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000
27 pounds rented from a person primarily engaged in the business of renting automobiles or
28 of a loaner vehicle that is provided other than to a motor vehicle dealer's service
29 customers pursuant to a manufacturer's or dealer's warranty; 7% on the value of prepared
30 food; and 5% on the value of all other tangible personal property and taxable services.
31 Notwithstanding the other provisions of this section, from October 1, 2013 to September
32 30, 2014, the rate of tax is 8% on the value of rental of living quarters in any hotel,
33 rooming house or tourist or trailer camp; 8% on the value of prepared food; 8% on the
34 value of liquor sold in licensed establishments as defined in Title 28-A, section 2,
35 subsection 15, in accordance with Title 28-A, chapter 43; and 5.5% on the value of all
36 other tangible personal property and taxable services. Value is measured by the sale
37 price, except as otherwise provided. The value of rental for a period of less than one year
38 of an automobile or of a pickup truck or van with a gross vehicle weight of less than
39 26,000 pounds rented from a person primarily engaged in the business of renting
40 automobiles is the total rental charged to the lessee and includes, but is not limited to,
41 maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage
42 fees and any separately itemized charges on the rental agreement to recover the owner's

1 estimated costs of the charges imposed by government authority for title fees, inspection
2 fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the
3 State. All fees must be disclosed when an estimated quote is provided to the lessee. This
4 paragraph is repealed October 1, 2014.

5 **Sec. D-2. 36 MRSA §1811**, as amended by PL 2013, c. 368, Pt. M, §2 and Pt. N,
6 §2, is further amended by inserting after the first paragraph a new paragraph to read:

7 Beginning October 1, 2014, a tax is imposed on the value of all tangible personal
8 property and taxable services sold at retail in this State. The rate of tax is 8% on the
9 value of liquor sold in licensed establishments as defined in Title 28-A, section 2,
10 subsection 15, in accordance with Title 28-A, chapter 43; 10% on the value of rental of
11 living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of
12 rental for a period of less than one year of an automobile, of a pickup truck or van with a
13 gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged
14 in the business of renting automobiles or of a loaner vehicle that is provided other than to
15 a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's
16 warranty; 8% on the value of prepared food; and 5% on the value of all other tangible
17 personal property and taxable services. Notwithstanding the other provisions of this
18 section, from October 1, 2014 to June 30, 2015, the rate of tax is 5.5% on the value of all
19 other tangible personal property and taxable services. Value is measured by the sale
20 price, except as otherwise provided. The value of rental for a period of less than one year
21 of an automobile or of a pickup truck or van with a gross vehicle weight of less than
22 26,000 pounds rented from a person primarily engaged in the business of renting
23 automobiles is the total rental charged to the lessee and includes, but is not limited to,
24 maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage
25 fees and any separately itemized charges on the rental agreement to recover the owner's
26 estimated costs of the charges imposed by government authority for title fees, inspection
27 fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the
28 State. All fees must be disclosed when an estimated quote is provided to the lessee.

29 **PART E**

30 **Sec. E-1. 36 MRSA §1752, sub-§1-I** is enacted to read:

31 **1-I. Amusement, entertainment and recreation services.** "Amusement,
32 entertainment and recreation services" is defined pursuant to this subsection.

33 A. "Amusement, entertainment and recreation services" means the following, unless
34 excluded under paragraph B:

35 (1) Admission fees to entertainment venues and performances, including but not
36 limited to theaters, movies, lectures, concerts, festivals, amusement parks, water
37 parks, fairs other than licensed agricultural fairs, race tracks, carnivals, circuses,
38 sports activities, stadiums, amphitheatres, museums, planetariums, animal parks,
39 petting zoos, aquariums, historical sites and convention centers;

40 (2) Fees charged for participation in or entry to sporting and gaming activities,
41 including but not limited to golf, skiing, tennis, miniature golf courses, arcades,
42 billiard parlors, go-cart courses and paintball;

1 (3) Admission fees charged for exhibition shows, including but not limited to
2 automobile, boat, camping, home, garden, animal and antique shows;

3 (4) Fees charged for scenic and sight-seeing excursions, including but not
4 limited to aircraft, helicopter, balloon, blimp, watercraft, railroad, bus, trolley and
5 wagon rides, whitewater rafting and guided recreation, but excluding scenic and
6 sight-seeing excursions on federally navigable waters; and

7 (5) Entertainment service, including but not limited to those provided by bands,
8 orchestras, disc jockeys, comedians, clowns, jugglers, children's entertainers and
9 ventriloquists.

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

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

15 (2) Fees charged for lessons or training in dance, music, theater, arts and
16 gymnastics, martial arts and other athletic pursuits;

17 (3) Fees charged for admission to:

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

22 (b) Festivals and special events organized by governmental entities, schools
23 or incorporated, nonprofit organizations or charges for participation in any
24 events or activities occurring at the festival or special event organized by the
25 governmental entity, school or incorporated, nonprofit organization if all the
26 proceeds of the festival or special event are directed to support a purpose of
27 the governmental entity, school or organization; or

28 (4) Fees charged for children's summer camps.

29 **Sec. E-2. 36 MRSA §1752, sub-§§2-F and 2-G** are enacted to read:

30 **2-F. Fabrication facility.** "Fabrication facility" means a site consisting of at least 35
31 acres at which the primary business is the performance of fabrication services and any
32 activities associated with or in support of fabrication services.

33 **2-G. Fabrication services.** "Fabrication services" means the production of tangible
34 personal property for a consideration for a person who furnishes, either directly or
35 indirectly, the materials used in that production.

36 **Sec. E-3. 36 MRSA §1752, sub-§8-D** is enacted to read:

37 **8-D. Personal property services.** "Personal property services" is defined pursuant
38 to this subsection.

1 A. "Personal property services" means the following services related to tangible
2 personal property:

3 (1) Dry cleaning, laundry and diaper services not including self-service laundry
4 services;

5 (2) Embroidery and monogramming;

6 (3) Car washing;

7 (4) Pressure cleaning and washing;

8 (5) Pet services such as exercising, sitting, training, grooming and boarding for
9 nonmedical purposes;

10 (6) Picture framing;

11 (7) Furniture cleaning, repair and restoration;

12 (8) Rug cleaning;

13 (9) Art restoration;

14 (10) Installation, repair or maintenance of jewelry, cameras, guns, musical
15 instruments, electronic and mechanical equipment, lawn and garden equipment,
16 computer hardware and appliances; and

17 (11) Tailoring and clothing and shoe repair.

18 B. "Personal property services" does not include:

19 (1) Fabrication services;

20 (2) Services performed on tangible personal property used or held for use at or
21 located at a manufacturing facility or fabrication facility; or

22 (3) Services performed on a motor vehicle or aircraft.

23 **Sec. E-4. 36 MRSA §1752, sub-§14, ¶B,** as amended by PL 2011, c. 211, §22,
24 is further amended to read:

25 B. "Sale price" does not include:

26 (1) Discounts allowed and taken on sales;

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

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

31 (4) ~~The~~ Except for labor or services included in personal property services, the
32 price received for labor or services used in installing or applying or repairing the
33 property sold, if separately charged or stated;

- 1 (5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically
2 stated service charge, when that amount is to be disbursed by a hotel, restaurant
3 or other eating establishment to its employees as wages;
- 4 (6) The amount of any tax imposed by the United States on or with respect to
5 retail sales, whether imposed upon the retailer or the consumer, except any
6 manufacturers', importers', alcohol or tobacco excise tax;
- 7 (7) The cost of transportation from the retailer's place of business or other point
8 from which shipment is made directly to the purchaser, provided that those
9 charges are separately stated and the transportation occurs by means of common
10 carrier, contract carrier or the United States mail;
- 11 (8) The fee imposed by Title 10, section 1169, subsection 11;
- 12 (9) The fee imposed by section 4832, subsection 1;
- 13 (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection
14 2-B;
- 15 (11) Any amount charged or collected by a person engaged in the rental of living
16 quarters as a forfeited room deposit or cancellation fee if the prospective
17 occupant of the living quarters cancels the reservation on or before the scheduled
18 date of arrival;
- 19 (12) The premium imposed on motor vehicle oil by Title 10, section 1020,
20 subsection 6-A; or
- 21 (13) Any amount charged for the disposal of used tires.

22 **Sec. E-5. 36 MRSA §1752, sub-§17-B**, as amended by PL 2013, c. 156, §2, is
23 repealed.

24 **Sec. E-6. 36 MRSA §1752, sub-§17-C** is enacted to read:

25 **17-C. Taxable service.** "Taxable service" means:

26 A. The rental of living quarters in a hotel, rooming house or tourist or trailer camp;

27 B. The transmission and distribution of electricity;

28 C. The rental or lease of an automobile, camp trailer or motor home as defined in
29 Title 29-A, section 101;

30 D. The rental or lease of a pickup truck or van with a gross vehicle weight of less
31 than 26,000 pounds from a person primarily engaged in the business of renting
32 automobiles;

33 E. The sale of an extended service contract on an automobile or truck that entitles the
34 purchaser to specific benefits in the service of the automobile or truck for a specific
35 duration;

36 F. The sale of prepaid calling service;

37 G. Amusement, entertainment and recreation services; and

