

**LD 1495, An Act to Implement Tax Relief and Tax Reform**  
**P.L. 2009, c. 382**

**SUMMARY**

*(takes effect January 1, 2010, unless otherwise stated)*

LD 1495, Public Law 2009, chapter 382 makes fundamental changes to Maine's sales and income tax laws. It is intended to provide income tax relief to Maine residents, to reduce Maine's income tax rate to the mid-range of other states, to broaden the sales tax base to provide greater stability and to make the state a more attractive location for economic development. It makes the following changes.

**Income Tax:**

- It replaces Maine's 4-bracket income tax structure with a flat tax rate of 6.5% on all taxable income and a 0.35% surcharge on taxable income over \$250,000
- It maintains progressivity by creating a partially refundable household credit which replaces the standard deduction, itemized deductions and personal exemption amounts
- It creates a credit of 5% of charitable contributions exceeding \$250,000
- It creates an elderly credit of \$60 for taxpayers 65 years or older
- It allows the earned income tax credit to be partially refundable up to \$125 or \$150 depending on filing status
- It eliminates the alternative minimum tax on individuals

**Sales Tax and Service Provider Tax Changes:**

- It broadens the sales tax base by including certain amusement, entertainment and recreation services; installation, repair and maintenance services; personal property services; and transportation and courier services. (See Appendix A for definitions)
- It increases the sales tax on prepared food and lodging (except camping areas) from 7% to 8.5% and includes candy in the definition of prepared food
- It increases the sales tax on short-term auto rentals from 10% to 12.5% (*effective 10/01/09*)
- It increases funding for tourism promotion and marketing
- It exempts from sales tax meals served at certain retirement facilities
- It changes the point of incidence of sales tax on most leased personal property from the purchase of the property by the lessor to the lease payment stream when the property is leased to the consumer.
- It broadens the service provider tax base to include interstate and international telecommunications services for nonbusiness consumers. Intrastate telecommunications is already taxed.

**Maine Residents Property Tax Program (also known as the "Circuitbreaker" Program)**

- It modifies the Circuitbreaker Program by simplifying the income and benefit calculations
- It shifts the application filing period from 8/1 to 5/31 to 1/1 to 11/15 to coincide with income tax years beginning January 2011
- It requires that the application be included with the individual income tax form in tax year 2010

**Airport transportation fee imposed**

- It imposes a fee of \$1 per passenger on a taxicab operator or a limousine operator for each conveyance originating from or terminating at a commercial airport.

**APPENDIX A**  
**NEW SERVICES SUBJECT TO SALES TAX**  
*(text of statute)*

**Amusement, entertainment and recreation services" means the following:**

- (1) Admission fees 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 miniature golf courses, billiard parlors, go-cart courses and paintball;
- (3) Admission fees charged for exhibition shows such as auto, boat, camping, home, garden, animal and antique shows;
- (4) Fees charged for 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; and
- (5) Entertainment services such as those provided by bands, orchestras, disc jockeys, comedians, clowns, jugglers, children's entertainers and ventriloquists.

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

- (1) Fees charged for 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 and fitness centers;
- (3) Fees charged for lessons or training in dance, music, theater, arts and gymnastics, martial arts and other athletic pursuits; or
- (4) Fees charged for 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.

**"Installation, repair or maintenance services" means the following:**

- (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.

"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.

**"Personal property services" means the following:**

Dry cleaning; laundry and diaper services not including self-service laundry services; embroidery and monogramming; car washing; pressure cleaning and washing; pet services such as exercising, sitting, training, grooming and boarding for nonmedical purposes; picture framing; domestic services, including house cleaning and furniture and rug cleaning; interior decoration; meal preparation; butchering; art restoration; warehousing and storage, including rental of storage units and warehouse space, but not including warehousing and storage services provided to a business; moving services; vehicle towing; and boat mooring.

"Personal property services" does not include: fabrication services; installation, repair or maintenance services; 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 services performed on aircraft including refurbishing of aircraft.

**Transportation and courier services means the following.**

Transportation and courier services means in-state transportation of persons or property by limousine and courier services. For the purposes of this Part, "limousine service" means livery service hired for a specific event.