

| Biennial Budget 2014-2015 - Joint Standing Committee on Taxation - Reflects votes through 4/9/13 | | | | | | | | |
|---|------|---|-----------|---------------|-------------------------|-------------------------|---|--------------------------|
| Page | Ref# | Summary of Initiative | FY 14 GF | FY 15 GF | FY 14 OSR (or other) | FY 15 OSR (or other) | NOTES | VOTE |
| TAX-1 | NA | Bureau of Revenue Services Fund 0885 - BASELINE BUDGET | | | \$151,720 | \$151,720 | | IN 12-0 |
| TAX-2 | NA | County Tax Reimbursement 0263 BASELINE BUDGET | | | \$1,440,000 | \$1,440,000 | | IN 12-0 |
| TAX-3 | NA | Elderly Tax Deferral Program 0650 BASELINE BUDGET | | | \$22,000 \$10,000 | \$22,000 \$10,001 | | IN as amended 12-0 |
| TAX-4 | 122 | Homestead Property Tax Exemption 0886 - Reduces funding for municipal reimbursement of 50% of the cost of lost property tax revenue. | | (\$9,140,000) | | | See 10-year history (See Work Session Materials TAB) Work with Part M. | OUT 9-2 |
| TAX-5 | NA | Maine Board of Tax Appeals Z146 BASELINE BUDGET | \$410,056 | \$422,935 | \$45,000 | \$45,000 | | IN 12-0 |
| TAX-6 | 140 | Mandate BETE - Reimburse Municipalities Z065. Funding reduced to reflect historic reimbursement of claims for Business Tax Equipment Exemption from municipalities. | \$726 | \$2,320 | | | For administrative costs; fee per application. MRS to provide info. See 10-year history (See Work Session Materials TAB) Work with Part K. | Tabled |

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| TAX-7 | NA | Revenue Services, Bureau of 0002 BASELINE BUDGET <i>Position Count</i> in baseline = 301.5 in FY 14 and FY 15, down from 311 in FY 12 and 304 in FY 13. See Summary for position count proposed in this budget. | \$35,257,326 | \$35,604,579 | \$9,222,437 | \$9,222,437 | (See MRS Budget TAB) Initiatives Tax 8 to Tax 10 cut from this baseline \$1.8 million (GF) in FY 14 and \$1.2 million in FY 15 . | IN 9-1 |
| Tax 11 | NA | Revenue Services, Bureau of 0002 SUMMARY Initiatives on pages TAX-8 to TAX-10 make adjustment to the baseline with this summary as the net. Position Count net = 295.5 in FY 14 and FY 15. | \$33,485,605 | \$34,384,618 | \$5,000 | \$5,000 | Expenditure and appropriations history - MRS budget TAB. Requested additional information on Houlton Office closure cost savings | IN 9-1 |
| TAX-8 | 9 | Revenue Services 0002. Reorganizes one Revenue Agent position, eliminates one Revenue Agent position and reorganizes & transfers one classified Public Service Manager II position in Maine Revenue Services to create a Deputy Commissioner of Administrative and Financial Services position in the Office of the Commissioner. The position was statutorily authorized in Part P of the Supplemental budget. This initiative funds it. (Appropriations is in the budget for the Office of the Commissioner 0718.) | (\$271,721) | (\$281,836) | | | | IN 11-0 |
| TAX-8 | 10 | Revenue Services 0002. Reduces funding no longer required for debt services for Maine Revenue Integrated Tax System. | (\$1,500,000) | (\$3,000,000) | | | | IN 11-0 |
| TAX-9 | 11 | Revenue Services 0002. Reduces funding to more accurately reflect anticipated payments from this account, which are projected to be less in the 2014-15 biennium. | | | (\$174,933) | (\$174,933) | | IN 11-0 |

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| TAX-9 | 12 | Revenue Services 0002. Reduces funding to more accurately reflect allocations required for technology. | | | (\$229,156) | (\$229,156) | | IN 11-0 |
| TAX-9 | 13 | Revenue Services 0002. Provides funding for reimbursement to municipalities for administrative costs associated with updating property tax records of homeowners who participate in the Homestead Exemption Program. | | \$170,000 | | | Work with Part M. | OUT 9-2 |
| TAX-10 | 14 | Revenue Services 0002. Provides funding for reimbursement to municipalities of administrative costs associated with processing of additional Business Equipment Tax Exemption applications. | | \$750 | | | Work with Part K. | Tabled |
| TAX-10 | 15 | Revenue Services 0002. Reduces funding to reflect fewer anticipated payments. | (\$4,767) | (\$4,039) | | | | IN 10-0 |
| TAX-12 | 134 | Snow Grooming Tax Exemption Reimbursement Z024. Reduces funding to reflect fewer anticipated payments. | (\$4,767) | (\$4,039) | | | | IN 10-0 |
| TAX-13 | 74 | Tree Growth Tax Reimbursement 0261. Reduces funding for payments for the Tree Growth Tax Reimbursement are as they are expected to decrease in the 2014-15 biennium. | (\$366,140) | (\$619,776) | | | | IN 7-0 |
| TAX-15 | 88 | Unorganized Territory Education and Services Fund - Finance 0573. Provides funding for payments to counties providing service to the unorganized territory. | | | \$1,114,650 | \$1,882,650 | | IN 8-0 |

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| TAX-15 | 89 | Unorganized Territory Education and Services Fund - Finance 0573. Adjusts funding as there is more value added to the TIF base related to the wind farms in the unorganized territory. | | | \$510,000 | \$400,000 | | IN 4-3 |
| TAX-17 | 137 | Veterans' Org. Tax Reimbursement Z062. Reduces funding to reflect anticipated reimbursement municipalities for property tax loss due to exemptions for veterans organizations. Constitutionally required to reimburse municipalities 50% of the tax loss. | (\$6,936) | (\$5,550) | | | | IN 8-0 |
| TAX-18 | 79 | Veterans' Tax Reimbursement 0407. Reduces funding to reflect anticipated reimbursement municipalities for property tax loss due to exemptions for veterans organizations. Constitutionally required to reimburse municipalities 50% of the tax loss. | (\$10,485) | \$44,687 | | | | IN 7-0 |
| TAX-19 | 128 | Waste Facility Tax Reimbursement 0907. Adjusts funding to reflect anticipated reimbursement levels; Constitutionally required to reimburse municipalities 50% of the tax loss. | (\$274) | \$306 | | | | IN 7-0 |
| TAX-21 | NA | Property Tax Review, State Board of 0357 BASELINE BUDGET | \$86,664 | \$86,664 | \$3,000 | \$3,000 | Letter from Commissioner Millett dated 3/21/13 provides breakdown of appropriations request. | IN 7-0 |

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| TAX-23 | 2525 | Disproportionate Tax Burden Fund 0472. Adjusts funding for municipal revenue sharing (Rev II) based on fiscal years 2014 and 2015 revenue forecasts approved by the Revenue Forecasting Committee. | | | \$9,762,353 | \$12,076,369 | Work with Part J. Overview of Revenue Sharing Scheduled for April 9. | Tabled |
| TAX-23 | 2526 | Disproportionate Tax Burden Fund 0472. Provides funding for municipal revenue sharing (Rev II) resulting from tax proposals in this bill impacting the sales tax, income tax, etc. | | | \$43,177 | \$104,134 | Work with Part J. Overview of Revenue Sharing Scheduled for April 9. | Tabled |
| TAX-24 | 2527 | Disproportionate Tax Burden Fund 0472. Reduces funding for the suspension of municipal revenue sharing in FY 2014 and FY 2015. See language Part J. | | | (\$29,563,541) | (\$31,938,514) | Work with Part J. Overview of Revenue Sharing Scheduled for April 9. | Tabled |
| TAX-26 | 2511 | Municipal Revenue Sharing 0020. Adjusts funding for municipal revenue sharing (Rev I) based on fiscal years 2014 and 2015 revenue forecasts approved by the Revenue Forecasting Committee. | | | \$34,733,070 | \$37,273,247 | Work with Part J. Overview of Revenue Sharing Scheduled for April 9. | Tabled |
| TAX-26 | 2512 | Municipal Revenue Sharing 0020. Provides funding for municipal revenue sharing (Rev I) resulting from tax proposals in this bill impacting the sales tax, income tax, etc. | | | \$184,073 | \$416,537 | Work with Part J. Overview of Revenue Sharing Scheduled for April 9. | Tabled |
| TAX-27 | 2513 | Municipal Revenue Sharing 0020. Reduces funding for the suspension of municipal revenue sharing in FY 2014 and FY 2015. See language Part J. | | | (\$108,981,415) | (\$111,754,056) | Work with Part J. Overview of Revenue Sharing Scheduled for April 9. | Tabled |

| LANGUAGE SECTIONS - Reflects votes through 4/9/13 | | | | | | | |
|--|-------------|--|------------------------|------------------------|----------------------------|---|-------------|
| Page | Part | Summary of Language | GF Revenue FY14 | GF Revenue FY15 | GF Revenue Biennium | Notes | VOTE |
| TAX-29 | J | Part J suspends distributions to municipalities from the Local Government Fund and the Disproportionate Tax Burden Fund for the 2014-2015 biennium. | \$ 138,317,706 | \$ 143,171,899 | \$281,489,605 | See Revenue Sharing background and data in notebook - Tab "Part J" | Tabled |
| TAX-30 to TAX-33 | K | Part K eliminates eligibility under the Business Equipment Tax Exemption (BETE) program for property located at certain retail sales facilities. It sunsets the Business Equipment Tax Reimbursement (BETR) program with respect to property taxes paid after 2012. Property that would have otherwise qualified for the BETR program, except the property located at retail sales facilities, is to be treated as eligible business equipment for purposes of the BETE program for property tax years beginning on or after April 1, 2014. It increases the municipal reimbursement rate under the BETE program from 50% to 60% for the property tax year beginning April 1, 2014, and 55% for the property tax year beginning April 1, 2015. The rate for subsequent property tax years would be 50%; impact in FY 16 = \$13m and FY 17 = \$16m. | | \$ 11,754,000 | \$ 11,754,000 | See side by side of BETR/BETE in notebook - Tab "Part K" Language needs technical amendment - BETR language needs to be in chapter 915 | Tabled |
| Tax 34 to TAX_36 | L | Part L amends the current Maine Residents Property Tax Refund (Circuitbreaker) Program to remove dependent income from the definition of household income and to reduce the household income eligibility threshold for nonelderly households to the pre-2005 levels adjusted for inflation (\$38,200 for single-member households and to \$59,300 for multiple member households). The annual adjustment for income eligibility is amended to next take place in 2014. It reduces the percentage used to convert rent to an amount representing rent constituting property taxes for nonelderly households from 20% to 15% of gross rent. It repeals provisions allowing certain claimants receiving federal disability payments to qualify for the low-income elderly portion of the program. It repeals provisions that allow claimants that live in subsidized housing and who receive social security disability or supplemental security income disability benefits to qualify for the general portion of the program. A benefit is denied in cases where the claimant or claimant's household has certain investment income in excess of \$10,000. Benefits under the program would be limited to households where the claimant or claimant's spouse had attained the age of 65 during the year for which relief is requested. It applies to application periods beginning on or after August 1, 2013. | \$ 34,818,578 | \$ 38,624,625 | \$ 73,443,203 | See overview of CB Program and CB data in notebook - Tab "Part L" | OUT 7-3 |

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| Tax 37 to TAX 39 | M | Part M ends the current homestead exemption for Maine residents for property tax years beginning on or after April 1, 2014 and replaces it with a new homestead exemption limited to homeowners age 65 and older. The new homestead exemption amount is increased to \$20,000 and the requirement that an individual own a home in Maine during the preceding 12 months is removed. It adjusts the definition of a "qualifying shareholder" for purposes of the homestead property tax exemption to include the requirement that the qualifying shareholder of a cooperative housing corporation must have attained the age of 65 by April 1 of the year of the exemption. | | \$ (391,579) | \$ (391,579) | See tax - 4; ref 122 = \$9.1 million savings initiative. | OUT 9-2 |
| TAX-40 | N | Part N clarifies that sales tax applies to the sale of digital products that are delivered electronically to the purchaser, such as by a purchaser's download of the product onto a digital device. | | | | MRS provided amendment in response to PH testimony | IN as amended 8-0 |
| TAX-41 to TAX 43 | O | Part O deletes the provision for funding from the Maine Budget Stabilization Fund certain payments for adjustments to state valuation for sudden and severe disruption of valuation. It specifies the date by which a claim for adjustment must be filed. It amends the definition of what constitutes a sudden and severe disruption. It clarifies and specifies the procedure for a municipality's filing of a claim and the review and determination of that claim by the State Tax Assessor. It provides that a municipality must submit a professional appraisal of the property at issue with its claim for relief under section 208-A. It provides that the adjustments allowed under this section shall be applied by the Commissioner of Education and the Treasurer of State to the following fiscal year. It makes various changes to clarify the wording of the existing section. It provides that the additional reimbursement under the Business Equipment Tax Exemption of certain qualified property is conditioned on the municipality including an approved professional appraisal with its claim for reimbursement. It provides for retroactive application. | | | | MRS to provide background and history of requests. Most current report in notebook - Tab "Part O" | Tabled |

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| TAX-44 | P | Part P repeals the sales tax exemption for publications issued at average intervals not exceeding three months. Repeal of the exemption applies to sales occurring on or after October 1, 2013. | \$ 2,625,000 | \$ 3,605,000 | \$ 6,230,000 | Discussed 3/26 | Tabled |
| TAX-45 to TAX- 47 | Q | Part Q suspends the inflation adjustment for tax years beginning in 2014 and 2015 and amends the inflation adjustment calculation for tax years beginning after 2015 based on the Chained Consumer Price Index instead of the Consumer Price Index; impact in FY 16 = \$11.7m and FY 17 = \$13.8m. | \$ 1,920,000 | \$ 720,000 | \$ 2,640,000 | MRS to provide primer on CPI and info requested during public hearing and work session. | |
| TAX-48 | T | Part T approves funding to continue each individual tax expenditure. | | | | See tax expenditures list & review update in notebook - Tab "Part T" | Tabled |