

Appendix C - Summary of Tax and Fee Changes ¹
122nd Legislature, 1st Regular and 1st Special Sessions
Revenue Increases (Decreases) - Millions of \$'s

LD#	Law Reference	Description	FY05	FY06	FY07
Individual Income Tax ²					
468	PL 2005, c. 12, P	Establishes general conformity with the Internal Revenue Code as of 1/7/05	(2.2)	(6.8)	(14.2)
468	PL 2005, c. 12, P	Extends through tax years beginning in 2007 Maine's nonconformity with federal increases in the Section 179 business expensing deduction	0.0	2.6	6.5
468	PL 2005, c. 12, P	Makes permanent Maine's nonconformity with federal increases in the standard deduction for married joint returns	0.0	6.1	15.6
468	PL 2005, c. 12, P	Provides for nonconformity with the new federal option that permits the deduction of sales and use taxes rather than income taxes	2.1	0.9	0.0
468	PL 2005, c. 12, Q	Delays educational attainment credit and recruitment credit for 2 years	0.0	1.1	6.7
468	PL 2005, c. 12, BBB	Converts Business Equipment Tax Reimbursement (BETR) from a General Fund expenditure to an income tax offset	0.0	(73.5)	(75.7)
468	PL 2005, c. 12, MMMM	Provides that under the income tax, for nonresident individuals, that a gain or loss from the sale of a partnership interest is sourced to Maine in the same proportion as the proportion of partnership tangible property	0.0	1.3	1.9
1	PL 2005, c. 2, E	Expand Circuit Breaker program	0.0	(17.5)	(17.8)
1	PL 2005, c. 2, E	Individual income tax effect of Circuit Breaker expansion	0.0	0.8	0.7
508	PL 2005, c. 3, C-4	Circuit Breaker cost reprojecton	(2.0)	2.0	0.0
1677	PL 2005, c. 386, T	Circuit Breaker cost reprojecton	0.6	0.0	0.0
1691	PL 2005, c. 457, BBB	One-time limit on Business Equipment Tax Reimbursement to 90% of qualified property taxes	0.0	0.0	7.6
1691	PL 2005, c. 457, EEE	Expands the definition of "income" for the Circuit Breaker program to include certain retirement benefits	0.0	0.4	0.4
1691	PL 2005, c. 457, NNNN	Provides for the setoff of liquidated tax liabilities against payment owed to a taxpayer under a contract with a state agency	0.0	0.3	0.3
Other Miscellaneous Individual Income Tax Changes			0.0	0.4	0.9

Corporate Tax ²					
468	PL 2005, c. 12, P	Establishes general conformity with the Internal Revenue Code as of 1/7/05	(0.7)	(2.0)	(1.8)
468	PL 2005, c. 12, P	Provides for nonconformity with the new federal deduction for certain domestic production activities beginning with tax years beginning in 2005 and after	0.7	2.1	3.1
1691	PL 2005, c. 457, FFF	Alters the income tax calculation for multistate corporations to make the calculation consistent with the calculation of nonresident individual income tax	0.0	5.3	4.2
1691	PL 2005, c. 457, NNNN	Provides for the setoff of liquidated tax liabilities against payment owed to a taxpayer under a contract with a state agency	0.0	0.3	0.3

LD# Law Reference Description FY05 FY06 FY07

Sales Tax ²

468	PL 2005, c. 12, O	Applies the 7% sales tax on lodging to casual rental of living quarters for more than 14 days in a calendar year, including cottages, condominium units and vacation homes beginning July 1, 2005	0.0	3.9	4.7
468	PL 2005, c. 12, S	Delays until 6/30/07 implementation of a sales tax exemption for machinery and equipment used in the generation of radio and television broadcast signals	0.0	0.8	0.5
1691	PL 2005, c. 457, AA	Increased sales tax attributable to increases the cigarette tax by \$1.00 to \$2.00 and increases in other tobacco products taxes	0.0	1.3	1.8

Estate Tax

468	PL 2005, c. 12, M	Provides that property transferred by a nonresident decedent to a pass-through entity is included in the estate for the purpose of determining the Maine taxable estate under the estate tax	0.0	0.7	0.7
468	PL 2005, c. 12, N	Provides a special estate tax election at the state level so that an estate of an individual with a surviving spouse may fully fund the taxable estate with an amount equal to the federal exclusion without changing the taxable nature of the estate for Maine purposes	0.0	(0.2)	(0.3)

Cigarette and Tobacco Products Tax

1691	PL 2005, c. 457, AA	Increases the cigarette tax by \$1.00 to \$2.00 per pack	0.0	51.3	70.0
1691	PL 2005, c. 457, AA	Other tobacco products tax increases; smokeless tobacco from 62% to 78% of the wholesale price and other tobacco from 16% to 20% of the wholesale price	0.0	0.7	0.9

Other Revenue - General Fund

468	PL 2005, c. 12, U	Establishes a fee to purchase burning permits over the internet	0.0	0.8	0.8
468	PL 2005, c. 12, III	IF&W - Increase in license fees	0.0	2.2	2.8
1432	PL 2005, c. 396	Establishes a Milk Handling Fee and a rate schedule that varies inversely with the price of milk and a trigger for initiating the fee. The handling fee is initiated after the basic price of milk falls below \$18 per hundredweight for 2 consecutive months.	0.0	1.2	1.3
1691	PL 2005, c. 457, CC&FF	Establishes or increases fees for various certifications, endorsements, administrative portfolios and authorizations for teachers, educational specialists, educational technicians and administrators. Also establishes a \$55 fee paid by the applicant for fingerprinting and background checks for certain school employees.	0.0	1.5	1.4
1691	PL 2005, c. 457, XX	Provides guidance to the Department of Public Safety in the enforcement of laws pertaining to flavored malt beverage and low-alcohol spirits	0.0	0.7	1.3
Other miscellaneous taxes and fees - General Fund Other Revenue			0.0	3.4	3.6

LD# Law Reference Description FY05 FY06 FY07

Fuel Taxes

1691	PL 2005, c. 457, AAA	Establishes a gasoline tax refund for certain purchases by the state	0.0	(0.6)	(0.8)
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Other Special Revenue Taxes

468	PL 2005, c. 12, VV	Extends the 5% Service Provider Tax to community support services	0.0	1.4	1.4
1677	PL 2005, c. 386, S	Extends the 5% Service Provider Tax to day habilitation, residential training and personal support services provided to children and adults with mental retardation	0.0	9.8	9.8
468	PL 2005, c. 12, ZZ	Provides for an annual adjustment in the base year for purposes of calculating the Hospital Tax	0.0	4.4	6.0

Total Tax and Fee Changes ³

(1.4) 7.1 44.6

Notes:

- ¹ Reflects state taxes and fees matching the definition used by the U.S. Dept. of Commerce, Bureau of Census for comparisons of state and local tax burden.
- ² Reflects gross impact of tax collections prior to the deduction of 5.1% of total collections for state-municipal revenue sharing.
- ³ The estimated changes of state taxes and fees excluding the changes in the BETR and Circuit Breaker programs are: (\$0.1) in FY05; \$95.6 in FY06; and \$130.2 in FY07. These programs were converted from appropriations to individual income tax reductions, the Circuit Breaker program in FY05 and the BETR program in FY06. Local governmental taxes and fees changed during the 122nd Legislature during the 1st Regular and 1st Special Sessions are presented below. Also not included in the total tax and fee changes above are fees assessed and not collected by the State and local governments. These are also presented below.

Municipal and County Fee Changes

379	PL 2005, c. 86	Increase in the marriage license fee from \$20 to \$30	0.0	N/A	N/A
1092	PL 2005, c. 246	Increase in county filing fees	0.0	1.7	2.2

Other Fees - Non-Government Agency Collections

1259	PL 2005, c. 251	Increases from 0.5% to 0.6% of retail charges for telecommunications services excluding interstate tolls or interstate private line services for the telecommunications education access fund	0.0	1.2	1.2
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