

## Tax and Fee Changes Affecting State and Local Tax Burden 126th Legislature, 1st Regular Session

Description of Tax or Fee Change	LD and Law Reference	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<b>Sales and Use Tax</b>						
Repealing the sales tax exemption on all-terrain vehicles and snowmobiles purchased in the State by nonresidents who immediately remove this personal property from the State.	PL 2013, c. 86 (LD 720)	\$0	\$59,775	\$82,500	\$85,600	\$88,900
Applies a sales tax to an extended service contract on a truck and exempts from the sales tax parts used in truck repairs pursuant to an extended service contract.	PL 2013, c. 156 (LD 728)	\$0	\$288,960	\$269,610	\$275,811	\$282,036
Requires certain sellers of goods or services to register with the State Tax Assessor as a retailer and collect and remit sales and use tax on purchases made by persons in Maine.	PL 2013, c. 200 (LD 346)	\$0	\$250,000	\$400,000	\$500,000	\$500,000
Funding for overtime costs to initiate a project to enhance revenue discovery and revenue collections.	PL 2013, c. 368, Part A (LD 1509)	\$0	\$0	\$400,000	\$0	\$0
Increases the general sales tax rate from 5% to 5.5% from October 1, 2013 to June 30, 2015.	PL 2013, c. 368, Part M (LD 1509)	\$0	\$54,781,998	\$80,425,848	\$0	\$0
Increases the tax on sales of prepared food, lodging and liquor sold in bars and restaurants and similar licensed establishments from 7% to 8% from October 1, 2013 to June 30, 2015.	PL 2013, c. 368, Part M (LD 1509)	\$0	\$18,026,400	\$30,020,000	\$0	\$0
Repeals the sales tax exemption for publications issued at average intervals not exceeding three months. Effective for sales on or after October 1, 2013.	PL 2013, c. 368, Part P (LD 1509)	\$0	\$2,754,800	\$4,010,000	\$3,782,000	\$3,927,000
Extends the exemption for aircraft and aircraft parts until June 30, 2021. The previous sunset date was June 30, 2015.	PL 2013, c. 368, Part VVVV (LD 1509)	\$0	\$0	\$0	(\$677,000)	(\$704,000)
Expands the current sales tax exemption to nonprofit free public lending libraries that receive public funding to include sales by those libraries or by nonprofit corporations organized to support these libraries as long as the profit generated from those sales are used to benefit the library.	PL 2013, c. 420 (LD 915)	\$0	(\$24,844)	(\$34,616)	(\$36,173)	(\$37,801)

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<b>Individual Income Tax</b>						
Funding for overtime costs to initiate a project to enhance revenue discovery and revenue collections.	PL 2013, c. 368, Part A (LD 1509)	\$0	\$0	\$1,600,000	\$0	\$0
Provides for Maine residents with a Maine adjusted gross income of up to \$40,000 a refundable property tax fairness credit against state income taxes. The credit is available, for tax years beginning on or after January 1, 2013, in an amount of up to 40% of the amount by which property taxes paid or rent constituting property taxes paid exceeds 10% of the resident individual's Maine adjusted gross income, not to exceed \$300 for resident individuals under 70 years of age and \$400 for resident individuals 70 years of age and older.	PL 2013, c. 368, Part L (LD 1509)	\$0	(\$34,000,000)	(\$34,980,000)	(\$35,100,000)	(\$35,700,000)
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 CPI instead of the CPI.	PL 2013, c. 368, Part Q (LD 1509)	\$0	\$1,920,000	\$7,200,000	\$11,677,600	\$13,767,488
Conforming to various provisions of the federal American Taxpayer Relief Act including the married joint standard deduction, the phase-out of personal exemptions and itemized deductions, the dependent care credit expansion, the earned income tax credit expansion, teacher expense deduction and student loan interest deduction expansion. It does not conform to the deduction for qualified tuition and expenses.	PL 2013, c. 368, Part TT (LD 1509)	\$0	(\$16,714,128)	(\$25,476,941)	(\$26,728,045)	(\$27,653,010)
Capping itemized deductions for Maine income tax at \$27,500 for tax years beginning on or after January 1, 2013 with an annual inflation adjustment to the itemized deduction limitation amount.	PL 2013, c. 368, Part TT (LD 1509)	\$0	\$37,240,400	\$27,810,600	\$29,308,000	\$30,912,378

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<b>Individual Income Tax (continued)</b>						
Enacts new addition and subtraction modifications for individual and corporate income taxes to decouple Maine bonus depreciation deductions from the federal bonus depreciation deductions and extends the Maine capital investment credit for taxable years beginning in 2013. The credit rate for 2013 tax year is 9%.	PL 2013, c. 368, Part TT (LD 1509)	\$0	(\$6,705,000)	(\$1,570,000)	\$1,232,000	\$1,181,000
Conforms to federal Section 179 expensing amounts and threshold limits for tax years 2012 and 2013.	PL 2013, c. 368, Part TT (LD 1509)	\$0	(\$5,107,500)	\$1,263,892	\$1,031,462	\$675,000
<b>Corporate Income Tax</b>						
Enacts new addition and subtraction modifications for individual and corporate income taxes to decouple Maine bonus depreciation deductions from the federal bonus depreciation deductions and extends the Maine capital investment credit for taxable years beginning in 2013. The credit rate for 2013 tax year is 9%.	PL 2013, c. 368, Part TT (LD 1509)	\$0	(\$3,713,000)	(\$3,847,000)	(\$1,044,000)	\$18,000
Conforms to federal Section 179 expensing amounts and threshold limits for tax years 2012 and 2013.	PL 2013, c. 368, Part TT (LD 1509)	\$0	(\$1,702,500)	\$421,297	\$343,821	\$225,000
<b>Estate Tax</b>						
Directs the State Controller to recognize a receivable of up to \$7,000,000 during fiscal year 2012-13 of estate tax revenue.	PL 2013, c. 1, Part H (LD 250)	\$7,000,000	\$0	\$0	\$0	\$0
<b>Insurance Company Taxes</b>						
Requires all fire insurance companies and associations in the State to pay the same rate of fire investigation and prevention tax.	PL 2013, c. 95 (LD 296)	\$0	\$48,750	\$65,000	\$65,000	\$65,000
<b>Other Taxes and Fees - Agriculture, Conservation and Forestry</b>						
Increases the pesticide registration fee by \$10.	PL 2013, c. 290 (LD 903)	\$0	\$110,000	\$110,000	\$110,000	\$110,000

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<b>Other Taxes and Fees - Bureau of Motor Vehicles</b>						
Increased revenue from increased driver's license reinstatement fee for immediate reinstatement after a first time OUI offense if person installs ignition interlock device.	PL 2013, c. 389 (LD 1260)	\$0	\$80,000	\$80,000	\$80,000	\$80,000
<b>Other Taxes and Fees - Environmental Protection</b>						
Increases the annual fee assessment to cover costs of approving an paint stewardship program.	PL 2013, c. 395 (LD 1308)	\$0	\$71,239	\$75,731	\$77,911	\$80,157
<b>Other Taxes and Fees - Health and Human Services</b>						
Updates the base year for the hospital tax to 2012 from 2008 and keeps it at that level beginning with state fiscal year 2012-13.	PL 2013, c. 368, Part QQ (LD 1509)	\$0	\$17,869,596	\$17,869,596	\$17,869,596	\$17,869,596
<b>Other Taxes and Fees - Inland Fisheries and Wildlife</b>						
Eliminates the junior nonresident fishing license effective January 1, 2015.	PL 2013, c. 380 (LD 932)	\$0	\$0	(\$32,500)	(\$65,000)	(\$65,000)
Reduction in revenue from allowing a second male turkey in the spring at zero cost, reducing the nonresident combined fall and spring turkey permit from \$54 to \$20 and reducing turkey tagging fees from \$5 to \$2.	PL 2013, c. 387 (LD 200)	\$0	(\$86,757)	(\$98,895)	(\$98,895)	(\$98,895)
Loss of revenue from changing the threshold of disability at which a resident disabled veteran receives complimentary hunting, fishing and trapping licenses.	PL 2013, c. 404 (LD 541)	\$0	(\$25,610)	(\$34,146)	(\$34,146)	(\$34,146)
<b>Other Taxes and Fees - Professional and Financial Regulation</b>						
Increases license renewal fee for physicians assistants that accrue to the Board of Licensure in Medicine and the Board of Osteopathic Licensure, both affiliated with the Department of Professional and Financial Regulation.	PL 2013, c. 101 (LD 556)	\$0	\$12,250	\$8,250	\$12,250	\$8,250

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<b>Other Taxes and Fees - Marine Resources</b>						
Increases the license surcharge fee on crab and lobster licenses and certain dealer licenses	PL 2013, c. 309 (LD 486)	\$0	\$750,000	\$1,500,000	\$2,250,000	\$2,250,000
<b>Other Taxes and Fees - Public Safety</b>						
Reduces license fees for tournament games that do not exceed 100 players.	PL 2013, c. 306 (LD 329)	\$0	(\$21,468)	(\$28,625)	(\$28,625)	(\$28,625)
<b>Total Impact of Tax and Fee Changes</b>		<b>\$7,000,000</b>	<b>\$66,163,361</b>	<b>\$107,509,601</b>	<b>\$4,889,167</b>	<b>\$7,718,328</b>

**Items affecting local property tax incidence, but not included in State and Local Tax Burden calculations:**

**Maine Residents Property Tax Program (Circuitbreaker or Tax and Rent Refund program)**

Terminates the Circuitbreaker Program and municipal property tax assistance programs as of August 1, 2013.	PL 2013, c. 368, Part L (LD 1509)	\$0	\$56,696,276	\$59,510,503	\$60,163,125	\$63,308,316
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**Business Equipment Tax Reimbursement (BETR) Program**

Changes the reimbursement under the Business Equipment Tax Reimbursement (BETR) program for August 1, 2013 to 90% of the amount of taxes assessed and paid and to 80% of that amount for claims filed for application periods that begin on August 1, 2014.	PL 2013, c. 368, Part K (LD 1509)	\$0	\$4,245,000	\$7,770,000	\$0	\$0
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