January 15, 2009

Senator Joseph C. Perry, Chair;
Representative Thomas Watson, Chair; and
Members of the Joint Standing Committee on Taxation:

Maine Revenue Services is pleased to submit to the Committee a detailed report on state income tax and sales tax expenditures. For purposes of this report, 36 M.R.S.A. § 199-B defines tax expenditure as any provision of state law that results in the reduction of tax revenue due to special exclusions, exemptions, deductions, credits, preferential rates or deferral of tax liability.

We have excluded from the definition tax expenditures that are (1) required under federal mandate (e.g. the sales tax exclusion for food stamp purchases), (2) created at the state level to maintain conformity with traditional tax law when the federal government deviates from that law because it creates credits that the state does not adopt (e.g. subtraction modification associated with federal work opportunity credit), or (3) are the result of the state taxing certain activities under a different tax system (e.g. income of a financial institution that is an S corporation).

This report does not provide any recommendation regarding the amendment, repeal or replacement of any tax expenditure. Such recommendations are traditionally made by the Administration.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Jerome D. Gerard
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Section 1: TAX EXPENDITURES

State law requires Maine Revenue Services to provide two tax expenditure reports in January of every odd-numbered year. The first report must be included in the State budget document. 5 M.R.S.A. §1664 which provides that the document specifically include

. . . the estimated loss in revenue during the last completed fiscal year and the fiscal year in progress, and the anticipated loss in revenue for each fiscal year of the ensuing biennium, caused by the tax expenditures provided in Maine statutes; the term "tax expenditures" means those State tax revenue losses attributable to provisions of Maine tax laws which allow a special exclusion, exemption or deduction or which provide a specific credit, a preferential rate of tax or a deferral of tax liability.

The second report, required by 36 M.R.S.A. § 199-B, must be submitted to the Joint Standing Committee on Taxation. This report must contain

...a summary of each tax expenditure, a description of the purpose and background of the tax expenditure and the groups likely to benefit from the tax expenditure, an estimate of the cost of the tax expenditure for the current biennium, any issues regarding tax expenditures that need to be considered by the Legislature, and any recommendation regarding the amendment, repeal or replacement of the tax expenditure.”

The Governor’s budget submission for the 2010-11 biennium includes the first report. This report meets the second statutory requirement.

The tax expenditure budget is a concept that was developed to assure a budget review process for tax preferences similar to the review required for direct expenditure programs. The federal government and most state governments engage in a periodic review of tax expenditures. At the federal level a “normal” income tax structure is first determined using the broadest possible definition of income. Tax expenditures are reductions in income caused by a special exclusion, exemption or deduction, or reductions in tax liability which provide a tax credit, preferential tax rate or deferral of tax liability. At the state level this same “normal” tax law reference is used to calculate both sales and income tax expenditures.

Generally, tax expenditures provide tax incentives designed to encourage certain activities by taxpayers or provide relief to taxpayers in special circumstances. Many tax expenditures are the equivalent of a governmental subsidy in which the foregone tax revenue is essentially a direct budget outlay to specific groups of taxpayers. The object of this report is to identify and estimate the fiscal impact of those provisions of the State tax structure which grant benefits analogous to those provided by direct State spending programs.
In developing this report we have excluded from the above definition of tax expenditure those expenditures that are (1) established by federal mandate (e.g. sale tax exclusion for food stamp purchases), (2) created at the state level to maintain conformity with traditional tax law when the federal government deviates from that law because it creates credits that the state does not adopt (e.g. subtraction modification associated with federal work opportunity credit), or (3) the result of the state taxing certain activities under a different tax system (e.g. income of a financial institution that is an S corporation).

In estimating the revenue loss attributed to a particular tax expenditure, it is assumed that the provision of law granting special tax treatment is repealed and that no other changes in tax law, taxpayer behavior or general economic activity occur as a result of its repeal. Consequently, it should not be concluded that the repeal of any of these tax expenditures will necessarily generate the amount of revenue which they are estimated to forego.

Some tax expenditures are estimated rather accurately from available administrative information or state’s micro-simulation tax models. For a much larger number of expenditures, special data must be developed which is less complete and accurate. Estimates for FY 10 and FY 11 generally assume modest increases in business activity and inflation, based on the economic forecast provided by Consensus Economic Forecasting Committee in February 2008.

Finally, there are some expenditures where no information exists, and our limited resources prevent any special survey or other data generation procedures. Estimates for this group are reported as a range in an attempt to place some bounds on the size of expenditure.

Maine's individual and corporate income tax systems are based upon the federal definitions of adjusted gross income and taxable income. Therefore, certain tax expenditures are authorized by continued acceptance of the provisions of the Internal Revenue Code. Unlike sales and excise tax expenditures or state income tax expenditures related to state tax credits or modifications for federal AGI, these are not subject to a systematic, periodic review by the Legislature. In many cases, the basis for identifying, estimating and forecasting income tax expenditures which are derived from federal conformity is either the Joint Committee on Taxation’s Estimates of Federal Tax Expenditures for Fiscal Years 2007-2011 (September 24, 2007), or the U.S. Treasury Department’s estimates from the Analytical Perspective: Budget of the United States Government, Fiscal year 2009.

All tax expenditure estimates in this report reflect revenue loss to the General Fund.
1.001 Reimbursement for business equipment tax exemption to municipalities.

36 M.R.S.A. § 691

Under this provision, qualified business equipment first subject to property tax assessment on or after April 1, 2008 will be exempt from property taxes. The state is required to reimburse municipalities for property revenue loss according to the following schedule: 100% in 2008, 90% in 2009, 80% in 2010, 70% in 2011, 60% in 2012, and for years beginning 2013 and for subsequent years, 50%. Alternate reimbursement may be chosen by municipalities with business property exceeding 5% of total taxable value. Alternate reimbursement equals 50% of the property tax revenue loss plus one half of the percentage that business personal property represents of the total taxable value plus exempt business personal property value in the municipality (multiplied by property tax revenue loss?). There is also additional reimbursement provided for municipalities with respect to revenues related to tax increment financing revenues used by municipalities on their own qualifying tax increment financing projects.

Reason(s) for exemption

Provides an incentive for business to make new investments that will foster economic development.

Estimated General Fund revenue loss

FY ‘10 $21,538,412
FY ‘11 $27,486,069

Methods used to calculate the revenue loss

Estimates based on the fiscal analysis provided to the Legislature.

Number of tax payers affected

Fewer than 3,000 taxpayers affected.
1.002 Deduction for affordable housing.
36 M.R.S.A. § 5122 (2)(Z) & § 5200-A (2)(Q)

For income tax years beginning on or after January 1, 2006, Maine taxable income (AGI) is reduced by capital gains and ordinary income resulting from depreciation recaptured determined in accordance with the Code, §§ 1245 and 1250 realized on the sale of property certified as multifamily affordable housing property by the Maine State Housing Authority.

Reason(s) for exemption

Exemption is granted to claimants to encourage the preservation of affordable housing in Maine. It is expected to expand access to housing for young professionals and young families.

Estimated General Fund revenue loss

FY ‘10 $1,514,494
FY ‘11 $1,587,739

Methods used to calculate the revenue loss

Estimate is based on the Maine Revenue Services data warehouse.

Number of tax payers affected

Fewer than 1,000 taxpayers affected.
1.003 Deduction for social security benefits taxable at federal level.

36 M.R.S.A. § 5122 (2)(C)

Federal adjusted gross income is reduced by social security benefits and railroad retirement benefits paid by the United States to the extent included in federal adjusted gross income.

**Reason(s) for exemption**

Federal taxation of social security benefits provides funds to the Social Security Trust Fund. The state does not have this need, therefore social security and railroad retirement benefits are excluded from Maine taxable income.

**Estimated General Fund revenue loss**

FY ‘10 $53,870,765
FY ‘11 $55,568,116

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

**Number of taxpayers affected**

Estimated 70,000 taxpayers affected.
1.004 Deduction for contributions to capital construction funds.
36 M.R.S.A. § 5122 (2)(I)

For income tax years beginning on or after January 1, 1991, federal adjusted gross income is reduced by the amount by which federal taxable income is reduced for vessel earnings from fishing operations contributed to a capital construction fund.

**Reason(s) for exemption**

An incentive for taxpayers involved in fishing operations for future maintenance or replacements of fishing vessels.

**Estimated General Fund revenue loss**

FY ‘10 $0 - $49,999  
FY ‘11 $0 - $49,999

**Methods used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of taxpayers affected**

Fewer than 1,000 taxpayers affected.
1.005 Deduction for premiums paid for long-term health care insurance.

*36 M.R.S.A. § 5122 (2)(L&T)*

For income tax years beginning on or after January 1, 2004, federal adjusted gross income is reduced by the total premiums spent for qualified long-term care insurance contracts reduced by any amount claimed as a deduction for federal income tax purposes and by the long-term care premiums claimed as an itemized deduction.

**Reason(s) for exemption**

State law allows for the exclusion from Maine taxable income premiums paid for long-term health care cost. The deduction provides an incentive for taxpayers to save towards extraordinary medical expenses.

**Estimated General Fund revenue loss**

- FY ‘10 $1,876,161
- FY ‘11 $1,965,640

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

**Number of taxpayers affected**

Approximately 11,400 taxpayers affected.
1.006 Deduction for pension income.
36 M.R.S.A. § 5122(2)(M)

Federal adjusted gross income is reduced by the lesser of: (1) $6,000 reduced by the individual’s social security and railroad retirement benefits paid by the United States, but not less than $0, except that the reduction does not apply to benefits paid under a military retirement plan; or (2) the aggregate of benefits under employee retirement plans included in the individual’s federal adjusted gross income.

The deduction is available to each individual who is a primary recipient (individual upon whose earnings the employee retirement plan benefits are based or the surviving spouse of that individual) of benefits under an employee retirement plan (state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees).

**Reason(s) for exemption**

To provide equity between public and private pension providers.

**Estimated General Fund revenue loss**

FY ’10 $15,176,478  
FY ’11 $15,811,049

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

**Number of taxpayers affected**

Approximately 37,000 taxpayers affected.
1.007 Deduction for interest and dividends on Maine state and local securities by individuals.

36 M.R.S.A. § 5122(2)(N)

Federal adjusted gross income is reduced by the amount of interest and dividends on obligations or securities of this state and its political subdivisions and authorities to the extent included in federal adjusted gross income.

Reason(s) for exemption

Provides an incentive for investment in Maine State and local bonds.

Estimated General Fund revenue loss

FY ‘10 $123,608
FY ‘11 $134,286

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 1,000 taxpayers affected.
1.008 Deduction for Holocaust victim settlement payments.
36 M.R.S.A. § 5122(2)(O)

Federal adjusted gross income is reduced by Holocaust victim settlement payments received by a Holocaust victim to the extent included in federal adjusted gross income. A Holocaust victim is an individual who died, lost property or was a victim of persecution as a result of discriminatory laws, policies or actions targeted against discrete groups of individuals based on race, religion, ethnicity, sexual orientation or national origin. “Holocaust victim” includes the spouse or a descendant of such an individual.

Reason(s) for exemption

For individuals compensated for holocaust injustices.

Estimated General Fund revenue loss

FY ‘10 $0 – $49,999
FY ‘11 $0 – $49,999

Methods used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of taxpayers affected

Approximately 5 taxpayers affected each year.
1.009 Deduction for contributions to IRC 529 qualified tuition plans.
*36 M.R.S.A. § 5122 (2)(Y)*

For tax years beginning on or after January 1, 2007, federal adjusted gross income is reduced by contributions to a qualified tuition program established under § 529 of the Code up to $250 per designated beneficiary. The deduction may not be claimed by single or married filing separate taxpayers with federal adjusted gross income exceeding $100,000 or married joint or head of household taxpayers with federal adjusted gross income exceeding $200,000.

**Reason(s) for exemption**

Provides an incentive for Maine taxpayers to save towards future educational expenses for family members.

**Estimated General Fund revenue loss**

FY ‘10 $20,000
FY ‘11 $20,000

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

**Number of taxpayers affected**

Approximately 1,000 taxpayers affected.
1.010 Deduction for Dentists with Military Pensions.
36 M.R.S.A. § 5122 (2)(BB)

For tax years beginning on or after January 1, 2008, certain licensed dentists may reduce Maine taxable income by the amount of military retirement benefits not included in the pension income deduction allowed by 36 M.R.S.A. § 5122(2)(M). Dentists may claim this deduction only if they practice an average of 20 hours or more per week in Maine during the tax year and accept patients who receive MaineCare benefits.

Reason(s) for exemption

Provides an incentive for certain retired dentists to reestablish their dental practice.

Estimated General Fund revenue loss

FY ‘10 $14,101
FY ‘11 $15,951

Methods used to calculate the revenue loss

Estimates based on the fiscal analysis provided to the Legislature.

Number of taxpayers affected

Fewer than 50 taxpayers affected.
1.011 Itemized deductions.
36 M.R.S.A. § 5125

An individual who has claimed itemized deductions from federal adjusted gross income in determining the individual's federal taxable income for the taxable year may claim itemized deductions from Maine adjusted gross income.

The sum of an individual’s itemized deductions is: (1) reduced by any state income or sales tax ;(2) increased by any interest or expense incurred in the production of the individual’s Maine income that was not deducted in determining the individual’s federal taxable income; (3) reduced by any amount of deduction attributable to income taxable to financial institutions; (4) reduced by any amount attributable to interest or expenses incurred in the production of income exempt from tax; and (5) reduced by any amount included in the basis of the family development account reserve fund credit.

Reason(s) for exemption

Conformity to federal individual tax law. Conformity reduces filing errors, increases compliance and keeps Maine taxes competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $175,088,525
FY ‘11 $175,594,390

Methods used to calculate the revenue loss

Estimates are based on the Maine Revenue Services individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 170,000 taxpayers affected.
1.012 Deduction for exempt associations, trusts and organizations.
36 M.R.S.A. § 5162(2)

An association, trust or other unincorporated organization which by reason of its purposes or activities is exempt from federal income tax is exempt from Maine income tax except with respect to its unrelated business taxable income.

Reason(s) for exemption

Conformity to federal tax law. Provides tax benefits to charitable and benevolent organizations.

Estimated General Fund revenue loss

FY ‘10 $0 – $49,999
FY ‘11 $0 – $49,999

Methods used to calculate the revenue loss

Revenue loss is estimated as a range of possible values because little or no data is available.

Number of tax payers affected

Number of taxpayers affected is not available.
1.013 Credit for income tax paid to another state by an estate or trust.  
36 M.R.S.A. § 5165

A resident estate or trust is allowed a credit for income tax paid to another state, a political subdivision of such state, the District of Colombia or political subdivision of a foreign country that is analogous to a state of the United States with respect to income subject to tax from sources in that taxing jurisdiction.

**Reason(s) for exemption**

Prevents double taxation at the state level for Maine resident taxpayers with non-Maine source income.

**Estimated General Fund revenue loss**

FY ‘10 $0 – $49,999  
FY ‘11 $0 – $49,999

**Methods used to calculate the revenue loss**

Revenue loss is estimated as a range of possible values because little or no data is available.

**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.014 Deduction for dividends received from non-unitary affiliates.
36 M.R.S.A. § 5200-A (2)(G)

The taxable income of a taxpayer under the laws of the United States is reduced by 50% of the apportionable dividend received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report.

Reason(s) for exemption

Creates greater equity in the treatment (exclusion) of foreign and domestic dividend income in a simplified manner.

Estimated General Fund revenue loss

FY ‘10 $5,820,000
FY ‘11 $5,828,000

Methods used to calculate the revenue loss

Estimates are based on the Maine Revenue Services individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 500 taxpayers affected.
1.015 Deduction for interest and dividends on U.S., Maine state and local securities.

*36 M.R.S.A. §§ 5200-A (2)(K) and 5200-A(2)(A)*

The taxable income of a taxpayer under the laws of the United States is reduced by the amount of interest or dividends on obligations or securities of the United States, this state and its political subdivisions and authorities to the extent included in federal taxable income.

**Reason(s) for exemption**

Incentive for corporations to invest in federal, Maine state and local obligations.

**Estimated General Fund revenue loss**

FY ’10 $866,000
FY ’11 $870,000

**Methods used to calculate the revenue loss**

Estimate is based on data from the Maine Revenue Services corporate income micro-simulation tax model.

**Number of taxpayers affected**

Approximately 1,200 taxpayers affected.
1.016 Apportionment of income tax formulae.
36 M.R.S.A. § 5211(8)

[This item is complicated due to the fact that the single sales factor apportionment statute is a revenue raiser, hence the revenue increase estimates.]

Any taxpayer having income solely from business activity taxable within the state must apportion its entire net income to the state. A taxpayer having income from business activity within and outside the state shall apportion its income to the state by multiplying its income by a fraction. The fraction is derived by dividing the total sales of the taxpayer in Maine during the tax period by the total sales of the taxpayer everywhere in the U.S. during the tax period.

Reason(s) for exemption

The single sales factor provides an incentive for businesses to locate property and workers in Maine when most of their sales are outside the state.

Estimated General Fund revenue increase

FY ‘10 $17,344,000
FY’09 $17,414,000

Methods used to calculate the revenue increase

Estimate is based on data from the Maine Revenue Services corporate income micro-simulation tax model.

Number of taxpayers affected

Approximately 5,400 taxpayers affected.
1.017 Credit to beneficiary for accumulation distribution.
36 M.R.S.A. § 5214-A

A beneficiary of a trust whose adjusted gross income includes all or part of an accumulation distribution by that trust is allowed a credit against the tax for all or a proportionate part of any tax paid by the trust on that income in any preceding taxable year which would not have been payable if the trust had in fact made distribution to its beneficiaries.

Reason(s) for exemption

Eliminates double taxation of income on which a trust has already paid the Maine income tax in a prior tax year.

Estimated General Fund revenue loss

FY ‘10 $0 – $49,999
FY ’11 $0 – $49,999

Methods used to calculate the revenue loss

Revenue loss is estimated as a range of possible values because little or no data is available.

Number of taxpayers affected

Number of taxpayers affected is not available.
1.018 Jobs and investment tax credit.
36 M.R.S.A. § 5215

An employer is allowed an income tax credit equal to the qualified federal credit. The credit is available for taxable years beginning on or after January 1, 1979, except that a credit may be taken with respect to used property, and may not be allowed with respect to certain retail property. The tax credit for any taxable year is applicable only to those taxpayers with property considered to be qualified investment of at least $5,000,000 for the taxable year with a situs in Maine and placed into service by the taxpayer on or after January 1, 1979. The taxpayer’s tax records and reports must substantiate that at least 100 new jobs attributable to qualified investment were created in the 24-month period following the date the property was placed in service. The amount of the credit allowed for any taxable year is limited to $500,000 or the amount of the tax whichever is less. Unused credits may be carried over to future years, but the carryforward period must not exceed 6 years.

**Reason(s) for exemption**

To entice industry to make substantial capital investments in the state as an economic development tool.

**Estimated General Fund revenue loss**

FY '10 $2,210,746
FY '11 $2,232,854

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

**Number of taxpayers affected**

Approximately 10 taxpayers affected.
1.019 Seed capital investment tax credit.
36 M.R.S.A. § 5216-B

The credit is available for investment in new or recent business ventures, directly and through private venture capital funds. FAME issues a certificate to investors for up to 40% of the cash equity they provide to eligible Maine businesses. Investments may be used for fixed assets, research or working capital. Investments made in eligible businesses located in high-unemployment areas as determined by FAME are eligible for a tax credit of up to 60% of investment. An aggregate investment up to $5,000,000 per business is eligible. The investment must be at risk for 5 years. Investors must own less than 50% of the business and immediate relatives of principal owners are not eligible. An eligible investment is an investment in a business that: a) is located in Maine; b) has gross sales of $3,000,000 or less per year; c) is the full-time, professional activity of at least one of the principal owners; and d) is a manufacturer, or a product or service provider with 60% of sales derived from outside the state or to out-of-state residents, or is engaged in developing or applying advanced technologies, or must bring significant permanent capital to Maine.

For investments made on or after July 1, 2002, 25% of the authorized credit may be used for each tax year beginning with the tax year during which the investment was made. Unused credits may be carried over for up to 15 years.

Reason(s) for exemption

Provides an incentive for investment in small businesses in Maine.

Estimated General Fund revenue loss

FY '10 $1,182,070
FY '11 $1,193,891

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse.

Number of taxpayers affected

Approximately 300 taxpayers affected.
1.020 Credit for contributions to family development account reserve funds.
36 M.R.S.A. § 5216-C

A taxpayer who contributes to a family development account reserve fund is allowed credit equal to the lesser of (1) $25,000 or (2) 50% of the amount contributed. Only one credit can be claimed on an annual income tax return. A taxpayer must first exhaust all other credits they are eligible for before using this credit. The amount of the credit claimed may not reduce the taxpayer’s tax liability to less than zero. Amount used as a basis for this credit may not be claimed for Maine itemized deductions.

Reason(s) for exemption

Credit is intended to encourage savings by low income households.

Estimated General Fund revenue loss

FY ‘10 $7,157
FY ‘11 $7,515

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse.

Number of taxpayers affected

Approximately 10 taxpayers affected.
1.021 Credit for employer-assisted day care.

36 M.R.S.A. § 5217

An employer is allowed a credit against costs incurred for day care services provided to employees. The credit is equal to the lowest of: (1) $5,000, (2) 20% of the cost of the day care services provided, or (3) $100 for each child of an employee of the taxpayer enrolled in the day care service. The credit doubles in amount if the day care service is considered quality child care service.

“Quality child-care services” is defined as services provided at child-care sites that meet minimum licensing standards and are accredited by an independent, nationally recognized program approved by the Department of Health and Human Services (“DHHS”), Office of Child Care and Head Start. The service provider must utilize recognized quality indicators for child-care services approved by DHHS, Office of Child Care and Head Start and include provisions for parent and client input, review of the provider’s policies and procedures, program records and an on-site program review.

Reason(s) for exemption

Designed to help reduce employee absenteeism and unproductive work time. It provides an incentive for employers to become more involved in the provision of day care for their employees.

Estimated General Fund revenue loss

FY ‘10 $21,265
FY ‘11 $21,478

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse.

Number of taxpayers affected

Approximately 30 taxpayers affected.
1.022 Credit for income tax paid to another taxing jurisdiction.
36 M.R.S.A. § 5217-A

A resident individual is allowed a credit in computing tax liability in Maine for the amount of income tax imposed on that individual by another state of the United States, a political subdivision of any such state, the District of Colombia or any political subdivision of a foreign country that is analogous to a state of the United States with respect to income subject to tax derived from sources in that taxing jurisdiction.

Reason(s) for exemption

To prevent any injustice or hardship in the form of double taxation to the citizens of Maine.

Estimated General Fund revenue loss

FY ‘10 $36,196,648
FY ‘11 $39,053,702

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 12,500 taxpayers affected.
1.023 Credit for employer-provided long-term care benefits.

36 M.R.S.A. § 5217-C

An employer is allowed a credit for long-term care benefits provided to employees. The credit is equal to the lowest of: (1) $5,000, (2) 20% of the cost of the long-term care insurance, or (3) $100 for each employee covered by the employer-provided long-term care insurance program. The credit may not exceed the tax otherwise due. Unused credits may be carried forward up to 15 years.

Reason(s) for exemption

Provides an incentive to employers to provide their employees with long-term care benefits.

Estimated General Fund revenue loss

FY ‘10 $0 – $49,999
FY ‘11 $0 – $49,999

Methods used to calculate the revenue loss

Revenue loss is estimated as a range of possible values because little or no data is available

Number of taxpayers affected

Fewer than 5 taxpayers affected.
1.024 Credit for educational opportunity.
36 M.R.S.A. § 5217-D

A nonrefundable credit is available for certain educational loan payments for Maine resident individuals who earn an associate or bachelor’s degree from a Maine college or university and who subsequently live in Maine, work for an employer located in Maine and pay taxes in Maine. The credit is available to eligible graduates and employers making loan payments on behalf of qualifying employees. Unused credits may be carried over for up to 10 tax years. If eligible, both spouses on a married-joint return may claim the credit. Maine universities and colleges are required to certify qualifying loans and caps applicable to the credit.

The employer credit is limited to eligible payments made during the term of the qualified employee’s employment and is also limited to 50% of the credit amount if the qualified employee works only part-time (16-32 hours weekly). A qualified employee is an employee that would be eligible to claim the credit if they had made the loan payments. The employer credit cannot exceed the amount that the qualified employee could claim as a credit if the employee had made the loan payments. An employer claiming the credit may not also claim the Recruitment Credit under 36 M.R.S.A. § 5219-V with respect to loan payments made on behalf of the same employee.

Only scheduled loan payments made during the tax year are eligible for the credit. Generally, the credit is available with respect to Educational Opportunity Programs beginning after 2007.

Reason(s) for exemption

Provides an incentive to graduates of Maine colleges and universities to stay in Maine after graduation.

Estimated General Fund revenue loss

FY ‘10 $1,094,245
FY ‘11 $3,569,816

Methods used to calculate the revenue loss

Estimate is based on fiscal analysis provided to the Legislature.

Number of tax payers affected

Number of taxpayers affected is not available.
1.025 Income tax credit for child care expenses.

36 M.R.S.A. § 5218

An individual taxpayer is allowed a credit for expenses incurred for the care of a child or a dependent during the year, while the taxpayer worked or looked for work. The credit is 25% (21.5% during tax years beginning in 2003, 2004, and 2005) of the allowable federal tax credit. The credit with respect to quality child care services doubles. The credit is refundable up to $500.

“Quality child-care services” is defined as services provided at child-care sites that meet minimum licensing standards and are accredited by an independent, nationally recognized program approved by the Department of Health and Human Services ("DHHS"), Office of Child Care and Head Start. The service provider must utilize recognized quality indicators for child-care services approved by DHHS, Office of Child Care and Head Start and include provisions for parent and client input, review of the provider’s policies and procedures, program records and an on-site program review.

Reason(s) for exemption

Allows taxpayers to be gainfully employed, by providing tax relief for working parents, especially lower income single parents.

Estimated General Fund revenue loss

FY ‘10 $4,024,588
FY ‘11 $4,085,560

Methods used to calculate the revenue loss

Estimate is based on data from the Maine Revenue Services individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 30,000 taxpayers affected.
1.026 Retirement and disability credit.
36 M.R.S.A. § 5219-A

Individuals who have attained age 65 or who retired on disability before the close of the tax year are allowed a credit equal to 20% of the federal under the Code, § 22. In no case may this credit reduce the Maine income tax to less than zero.

**Reason(s) for exemption**

Provides tax relief to low income individuals. Conformity reduces filing errors, increases compliance, keeps Maine taxes competitive with other states and provides an incentive to workers to save for retirement.

**Estimated General Fund revenue loss**

FY ‘10 $9,532  
FY ‘11 $9,627

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

**Number of taxpayers affected**

Approximately 220 taxpayers affected.
1.027 Forest management planning income credits.
36 M.R.S.A. § 5219-C

Once every 10 years, a taxpayer incurring forest management planning costs is allowed a credit equal to the lesser of $200 or the individual’s cost for having the forest management plan developed. Eligible parcels are limited to parcels greater than 10 acres.

Reason(s) for exemption

Incentive to practice good forest management by allowing a credit for all or a portion of the cost of the program.

Estimated General Fund revenue loss

FY’08 $44,728
FY’09 $45,176

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 250 taxpayers affected.
1.028 Research expense tax credit.
36 M.R.S.A. § 5219-K

An income tax credit is allowed for investment in research and development. The credit is equal to 5% of the excess, if any, of the qualified research expense for the taxable year over the average spent by the taxpayer on qualified research during the three prior tax years; plus 7.5% of the basic research payments made during the taxable year. The total taxpayer credit claimed can not reduce the taxpayer’s tax liability for any tax year to less than zero. The credit is limited to research expenses incurred in Maine.

**Reason(s) for exemption**

Incentive to encourage Maine businesses to invest in research and development in Maine.

**Estimated General Fund revenue loss**

FY ‘10 $1,716,478
FY ‘11 $1,802,302

**Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

**Number of taxpayers affected**

Approximately 85 taxpayers affected.
1.029 Super credit for substantially increased research & development.
36 M.R.S.A. § 5219-L

This credit is available to taxpayers that qualify for the Research Expense Tax Credit (see 36 M.R.S.A.§ 5219-K) and whose qualified research expenses (as defined by IRC § 41 as of December 31, 1994) exceed the super credit base amount. The super credit base amount is the average research expense for the three taxable years immediately preceding June 12, 1997, increased by 50%. This credit applies only to the amount spent on research conducted in Maine. The credit is equal to the lesser of the excess qualified research expenses over the super credit base amount or 50% of the tax due after all other credits. The credit may not reduce the current year’s tax liability to less than the tax liability of the previous year after credits. Any unused credit amount may be carried over for 5 years. Special rules apply to corporations filing a Maine combined return.

Reason(s) for exemption

Incentive for businesses to substantially increase investment in research and development in Maine.

Estimated General Fund revenue loss

FY ‘10 $3,628,384
FY ‘11 $3,809,803

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 70 taxpayers affected.
1.030 High-technology investment tax credit.
36 M.R.S.A. § 5219-M

This credit is available to taxpayers engaged in high-technology activity that purchase and use eligible equipment or that lease eligible equipment from a lessor. High-technology activity includes the design, creation and production of computer software, computer equipment, supporting communications components and other accessories that are directly associated with computer software and equipment. It also includes the provision of internet access services and advanced telecommunications services. Eligible equipment includes computer equipment, electronic components and accessories, communication equipment and computer software placed into service in Maine. Eligible equipment must be used in a high-technology activity. Eligible equipment used in wire line telecommunications must be capable of transmitting data at 200 kilobits or more per second in at least one direction. Eligible equipment used in wireless telecommunications must be capable of transmitting data at 42 kilobits or more per second in at least one direction. Generally the credit is equal to the investment credit base of eligible equipment that was placed into service in Maine during the tax year. The investment credit base is the adjusted basis of the equipment on the date that the equipment was placed into service in Maine for the first time.

The credit (including carry forward amounts) is limited to the tax liability of the taxpayer and may not reduce the tax liability of the current year to less than the tax liability of the previous year after all other credits except the High-technology credit. In addition, the credit may not be used to reduce the tax liability of the taxpayer by more than $100,000 after the allowance of all other credits except the Family Development Account Reserve Fund Credit (36 M.R.S.A. § 5216-C) and the Super Research Credit (36 M.R.S.A. § 5219-L). Generally, unused credit amounts may be carried forward for up to 5 taxable years; however, certain unused credits may be carried forward for up to 10 years. Special rules apply to corporations filing a combined return.

Reason(s) for exemption

Incentive for businesses to invest in equipment that is used in high-technology business activity.

Estimated General Fund revenue loss

FY ’10 $1,082,144
FY ’11 $1,092,966

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.
Number of taxpayers affected

Approximately 60 taxpayers affected.
1.031 Low-income tax credit.
36 M.R.S.A. § 5219-N

An individual whose Maine taxable income is $2,000 or less is allowed a credit equal to the tax otherwise due. The credit cannot be claimed if the taxpayer (1) is claimed as a dependent on another individual’s tax return, or (2) is subject to the Maine minimum tax.

Reason(s) for exemption

Provide tax relief to low income taxpayers.

Estimated General Fund revenue loss

FY ‘10 $600,868
FY ‘11 $606,877

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 23,000 taxpayers affected.
1.032 Credit for dependent health benefits paid.
36 M.R.S.A. § 5219-O

This credit is available to employers that offer a qualified health benefit plan and that employ fewer than five employees. This credit is equal to the lesser of 20% of the dependent health benefits paid by the employer or $125 per employee with dependent health coverage. A taxpayer that employs five or more employees after qualifying for the credit may continue to qualify for the credit for another two years. Otherwise, a taxpayer may claim a credit only for those periods during which the employer: 1) offers a qualified health benefit plan that is made available to all of its low-income employees; 2) pays at least 80% of the health insurance costs for each low-income employee under the plan; and 3) pays at least 60% of the cost of dependent health insurance benefits for children under 19 who are dependents of low-income employees under the plan. The credit is limited to 50% of the regular income tax due. Any unused credit may be carried forward for two years.

Reason(s) for exemption

Incentive for small employers to provide health insurance coverage to low-income employees.

Estimated General Fund revenue loss

FY ‘10 $0 – $49,999
FY ‘11 $0 – $49,999

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse.

Number of taxpayers affected

Fewer than 5 taxpayers affected.
1.033 Quality child care investment credit.

36 M.R.S.A. § 5219-Q

A taxpayer that has made an investment during the tax year toward the goal of providing quality child-care services is allowed a credit in an amount equal to the qualifying portion of expenditures paid or expenses incurred by the taxpayer for certified investments in child-care services. For corporations, the qualifying portion is 30% of up to $30,000 of expenditures, apportioned if part of an affiliated group engaged in a unitary business. For individual taxpayers that expend at least $10,000 during the tax year, the qualifying portion is $1,000 each year for nine years and $11,000 in year ten. The credit is limited to the income tax otherwise due, excluding minimum tax, but any excess can be carried over to the following year or years until exhausted.

“Quality child-care services” is defined as services provided at child-care sites that meet minimum licensing standards and are accredited by an independent, nationally recognized program approved by the Department of Health and Human Services (“DHHS”), Office of Child Care and Head Start. The service provider must utilize recognized quality indicators for child-care services approved by DHHS, Office of Child Care and Head Start and include provisions for parent and client input, review of the provider’s policies and procedures, program records and an on-site program review.

Reason(s) for exemption

Incentive for the provision of quality child care services in Maine. The credit has the impact of lowering the cost of expenditures made by affected service providers.

Estimated General Fund revenue loss

FY ’10 $0 – $49,999
FY ’11 $0 – $49,999

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 10 taxpayers affected.
1.034 Credit for rehabilitation of historic properties.
36 M.R.S.A. §§ 5219-R & 5219-BB

A taxpayer is allowed a credit equal to the amount of the federal credit claimed under § 47 of the Code with respect to expenditures incurred after December 31, 1999 for a certified historic structure located in the Maine. The credit is nonrefundable and is limited to $100,000 annually per taxpayer. The credit is subject to federal recapture and carry-forward provisions.

A taxpayer that is a national historic landmark developer is allowed a refundable credit in lieu of the credit described above. The credit is equal to the federal credit determined under the Code, § 47. This refundable credit applies to tax years beginning on or after January 1, 2006 but before January 1, 2010. The annual credit may not exceed $500,000 per year regardless of the number of taxpayers claiming the credit.

A taxpayer that is entitled to a credit under § 47 of the Code for building number 2 located in the Lockwood Mill Historic District is allowed a refundable credit in lieu of the credit described above. The credit is equal to the federal credit determined under the Code, § 47. This refundable credit applies to tax years beginning on or after January 1, 2008 but before January 1, 2014. The annual credit may not exceed $1,000,000 per year.

For tax years beginning on or after January 1, 2008, this credit is expanded. The credit is 25% of qualified expenditures either for which a federal credit is claimed under the Code § 47 or for which a federal credit is not claimed, but qualified expenditures are between $50,000 and $250,000. The credit must exclude expenditures incurred after 2013. Certain affordable housing projects may qualify for a 30% credit. The credit must be taken in 25% increments over four years and is limited to $5 million for each project.

**Reason(s) for exemption**
Designed to enlist private funds for the rehabilitation of historic properties. The credit helps reduce the cost of these projects.

**Estimated General Fund revenue loss**

FY ’10 $2,306,407  
FY ’11 $3,870,188  

**Methods used to calculate the revenue loss**
Estimate is based on data from the Maine Revenue Services data warehouse and on fiscal analysis provided to the Legislatures.

**Number of taxpayers affected**
Approximately 25 taxpayers affected.
1.035 Earned income credit.
36 M.R.S.A. § 5219-S

A taxpayer is allowed a credit equal to 5% of the federal earned income credit. The rate was 4.92% for tax years beginning in 2003, 2004 and 2005. The credit may not reduce the state income tax to less than zero.

Reason(s) for exemption

Creates incentive for individuals to enter the workforce. It raises the after-tax income of lower and moderate income families, especially those with dependents.

Estimated General Fund revenue loss

FY ’10 $4,149,911
FY ’11 $4,253,660

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of tax payers affected

Approximately 50,000 taxpayers affected.
1.036 Pine Tree Development Zone tax credit.

36 M.R.S.A. § 5219-W

The credit is available to certain businesses that expand or begin operations in a designated area of the state targeted with the need for economic growth. The credit allowed is 100% of the Maine tax liability for the first five years and 50% of the tax for each of years six through ten. Only the tax associated with qualified business activity is eligible for the credit.

Pine Tree Development Zones include military redevelopment zones. A military redevelopment zone is an area within a municipality that is contained within a labor market that includes a military facility that sustained a loss of 400 or more employed workers, if the loss was caused by a federal military facility closure, during the 5-year period immediately preceding the time the application for designation as a military redevelopment zone was made.

Certain manufacturers are eligible for the program, whether or not located in a designated zone. An eligible manufacturer must meet certain expansion requirements in order to qualify for the program, such as a minimum investment of $225,000 and creation of at least 4 new quality full-time jobs.

Reason(s) for exemption

Fosters economic development in Maine.

Estimated General Fund revenue loss

FY ‘10 $250,000 - $500,000
FY ‘11 $250,000 - $500,000

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse and fiscal analyses provided to the Legislature.

Number of tax payers affected

Approximately 30 taxpayers affected.
1.037 Biofuel commercial production and commercial use.
36 M.R.S.A. § 5219-X

A taxpayer engaged in the production of biofuels in Maine who has received certification from the Commissioner of Environmental Protection is allowed a credit against tax imposed on income derived during the taxable year from the production of biofuel. The credit is equal to five cents per gallon of certified liquid biofuel or gaseous biofuel. The credit may not reduce the taxpayer’s liability to less than zero, but unused credits may be carried over to the next succeeding five taxable years.

Reason(s) for exemption

Encourages production of biofuels in the state.

Estimated General Fund revenue loss

FY ‘10 $78,179
FY ‘11 $82,088

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse.

Number of tax payers affected

Approximately 5 taxpayers affected.
1.038 Tax benefits for media production companies.
36 M.R.S.A. § 5219-Y, c. 919-A

For tax years starting on or after January 1, 2006, a media production company that intends to undertake a media production in Maine may apply to the Department of Economic and Community Development to have the production, or a portion of the production, certified for purposes of claiming the media production reimbursement pursuant to 36 M.R.S.A., chapter 919-A and the income tax credit under 36 M.R.S.A., § 5219-Y. A qualified media production company is allowed a reimbursement equal to 12% of certified production wages paid to employees who are residents of Maine and 10% of certified production wages paid to other employees. The tax credit may not reduce the tax otherwise due to less than zero and may be used only in the year in which the certified media production income is generated. Taxpayers claiming the Pine Tree Development Zone credit are not eligible for this credit.

Reason(s) for exemption

Incentive to attract media production activity to the State.

Estimated General Fund revenue loss

FY ’10 $50,000 - $250,000
FY ’11 $50,000 - $250,000

Methods used to calculate the revenue loss

Estimate is based on fiscal analysis provided to the Legislature and the few program applicants that have participated so far.

Number of tax payers affected

Approximately 10 taxpayers affected.
1.039 Tax credit for pollution-reducing boilers
36 M.R.S.A. § 5219-Z

The credit is available to businesses that use pollution-reducing boilers or furnace systems certified by the Department of Environmental Protection. The credit is equal to 1.5 cents per kilowatt-hour in heat energy produced by the pollution-reducing boiler, but in no case may the credit reduce the taxpayer’s tax liability to less than zero. The credit applies to certified boilers placed in service, or modified, after January 1, 2006. The credit expires December 31, 2009.

Reason(s) for exemption

Provides an incentive for businesses to use environmentally friendly boilers.

Estimated General Fund revenue loss

FY ‘10 $77,732
FY ‘11 $81,618

Methods used to calculate the revenue loss

Estimate is based on fiscal analysis provided to the Legislature.

Number of tax payers affected

Number of taxpayers affected is not available.
**1.040 Dental care access credit.**

*36 M.R.S.A. § 5219-BB*

Dentists certified as eligible for this credit by the Department of Health and Human Services, Oral Health Program (“OHP”) may claim a $15,000 nonrefundable credit on their individual income tax return. OHP may certify up to 5 eligible dentists in 2009 and an additional 5 eligible dentists in 2010. To be eligible, the dentist must be licensed by Maine and must practice in an underserved area of Maine for at least 5 years. The credit may be claimed beginning the first year the dentist meets the conditions of eligibility for at least 6 months and each of the 4 subsequent years as long as they retain eligibility. See 36 MRSA § 5219-BB. LD #2192, PL 2007, c. 690.

**Reason(s) for exemption**

Incentive for dentists to locate their practice in underserved areas of the state.

**Estimated General Fund revenue loss**

FY ‘10 $0 - $49,999  
FY ‘11 $0 - $49,999

**Methods used to calculate the revenue loss**

Estimate is based on fiscal analysis provided to the Legislature.

**Number of tax payers affected**

Ten or fewer taxpayers affected.
1.041 Maine Residents Property Tax Program.

36 M.R.S.A. Chapter 907

A resident individual who occupied a homestead in Maine for the entire calendar year may be eligible for property tax relief for rent paid or property taxes assessed. For rent paid or property taxes assessed in 2007, a single-member elderly household is eligible to a benefit based on the following scheme:

If household income equals  THEN the benefits will be
$0 to $12,400  100% of the benefit base up to a maximum of $400
$12,401 to $12,800  75% of the benefit base up to a maximum of $300
$12,801 to $13,200  50% of the benefit base up to a maximum of $200
$13,201 to $13,600  25% of the benefit base up to a maximum of $100

An elderly household with 2 or more members is eligible to a benefit based on the following scheme:

If household income equals  THEN the benefits will be
$0 to $14,900  100% of the benefit base up to a maximum of $400
$14,901 to $15,700  75% of the benefit base up to a maximum of $300
$15,701 to $16,300  50% of the benefit base up to a maximum of $200
$16,301 to $16,800  25% of the benefit base up to a maximum of $100

No claim of less than $10 may be granted.

For a claimant representing a non-elderly household, the benefits are calculated based on the following formula: 50% of the benefit base (property tax or rent equivalent up to $3,350 for single-member households and up to $4,400 for households with 2 or more members) that exceeds 4% but does not exceed 8% of income plus 100% of the benefit base that exceeds 8% of income. The maximum benefit is $2,000, and the minimum benefit is $10. The maximum income limits are $60,000 for single-member households and $80,000 for households with two or more members.

Reason(s) for exemption

Provides property tax relief to Maine residents.

Estimated General Fund revenue loss

FY '10 $48,065,041
FY '11 $50,599,500
Methods used to calculate the revenue loss

Estimate is based on data from Maine Revenue Services individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 93,000 taxpayers affected.
1.042 Reimbursement for taxes paid on certain business property (BETR).
36 M.R.S.A. Chapter 915

A business against which property taxes have been assessed with respect to eligible property (generally qualified business property first placed in service in Maine, or constituting construction in progress commenced in Maine, after April 1, 1995) and who has paid those taxes is entitled to reimbursement of those taxes from the State. The reimbursement is 100% of the taxes assessed and paid with respect to eligible property.

**Reason(s) for exemption**

Enhances business investment and subsequent economic development.

**Estimated General Fund revenue loss**

FY ’10 $65,653,487  
FY ’11 $60,047,934

**Methods used to calculate the revenue loss**

Estimate is based on data from the Maine Revenue Services individual income micro-simulation tax model.

**Number of taxpayers affected**

Approximately 2,000 taxpayers affected.
1.043 Employment tax increment financing.
36 M.R.S.A. Chapter 917

A qualified business is entitled to reimbursement of Maine income tax withheld during the calendar year for which reimbursement is requested and attributed to qualified employees after July 1, 1996 in the following amounts:

For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is at or below the state unemployment rate at the time of the application, the reimbursement is equal to 30% of the withholding taxes withheld during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees.

For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is greater than the state unemployment rate at the time of the application, the reimbursement is equal to 50% of the withholding taxes withheld during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees.

For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is greater than 150% of the state unemployment rate at the time of the application, the reimbursement is equal to 75% of the withholding taxes withheld during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees.

For qualified Pine Tree Development Zone employees, employed directly in the qualified business activity of a qualified Pine Tree Development Zone business, for whom a certificate had been issued, the reimbursement is 80% of the withholding taxes withheld each year for which the reimbursement is requested and attributed to those qualified employees for a period of no more than 10 years. Reimbursement may not be made for years beginning after December 31, 2018.

Reason(s) for exemption

Provides incentive for businesses to hire new employees and provide these employees with a designated level of wages, health and retirement benefits.

Estimated General Fund revenue loss

FY ’10 $6,827,423
FY ’11 $7,510,165
Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 200 taxpayers affected.
1.044 Shipbuilding facility credit.
36 M.R.S.A. § Chapter 919

This credit against the Maine income tax withholding liability is available to shipbuilders that meet the following criteria: (1) own, operate or propose to construct a shipbuilding facility within Maine, (2) propose to make a qualified investment certified by the Commissioner of Economic and Community Development, (3) employ at least 6,500 qualified employees at the time the application is filed and (4) cannot otherwise qualify for the Maine Employment Tax Increment Financing Program.

In addition the claimant’s workforce must (1) be certified or qualified full-time employees whose income is taxable by the state; (2) have access to a retirement program also available to qualified employees; (3) individually have income, calculated on a calendar year basis that is greater than the average per capita income in the state. The credit is equal to the withholding liability up to $3,500,000, for each calendar year, but limited to the withholding liability relative to wages of qualified employees on or after July 1st of each calendar year.

Reason(s) for exemption

Encourages major investment in shipbuilding projects in Maine, preserving a substantial number of jobs and promoting the general welfare of the people of Maine.

Estimated General Fund revenue loss

FY ‘10 $3,125,000
FY ‘11 $3,125,000

Methods used to calculate the revenue loss

Estimate is based on data from the Maine Revenue Services data warehouse.

Number of tax payers affected

Fewer than 5 taxpayers affected.
1.045 Pension contributions & earnings - employer-provided pension contributions and earnings.

36 M.R.S.A. § 5102 (1-D)

Taxpayers may exclude from adjusted gross income, employer contributions to individual pension plans. The tax on the related investment income is deferred until it is withdrawn.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $148,294,690
FY ‘11 $155,993,515

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.046 Pension contributions & earnings - individual retirement plans.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may deduct from adjusted gross income (AGI) contributions to various Individual Retirement Accounts (IRAs). The IRA contribution limit is $4,000 in 2007, $5,000 in 2008, and is indexed thereafter. Taxpayers over age 50 may make additional “catch-up” contributions of $1,000 beginning in 2006.

**Deductible IRAs** – Married taxpayers with AGI below $103,000 ($62,000 for single filers) in 2007 may claim a deduction for IRA contributions. The IRA deduction is phased out for married taxpayers with AGI between $83,000 and $103,000 ($52,000 and $62,000 for single filers). Taxpayers whose AGI is above the phase-out range may also claim a deduction for IRA contributions if they (or their spouse) are active participants in an employer-provided retirement plan. The tax in the investment income earned by 401(k) plans, non-deductible IRAs, and deductible IRAs is deferred until the money is withdrawn.

**Roth IRA** – Contributions to a Roth IRA are not deductible. Married taxpayers with incomes below $166,000 ($114,000 for single filers) may make non-deductible contributions to Roth IRAs. The maximum contribution to a Roth IRA is phased out for taxpayers with AGI between $156,000 and $166,000 ($99,000 and $114,000 for singles). Investment income of a Roth IRA is not taxed when earned nor when it is withdrawn.

**Other Non-Deductible IRAs** – Taxpayers may contribute to a non-deductible IRA regardless of income and whether or not they are active participants in an employee-provided retirement plan. The income earned by non-deductible IRAs is deferred until withdrawn.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $23,259,007  
FY ‘11 $25,921,771

**Methods used to calculate the revenue loss**

Number of taxpayers affected

Number of taxpayers affected is not available.
1.047 Pension contributions & earnings - partners & sole proprietors – KEOGH plans.

36 M.R.S.A. § 5102 (1-D)

Self-employed individuals may make deductible contributions to their own retirement (Keogh) plans equal to 25 percent of their income, up to a maximum of $45,000 in 2007. Total plan contributions are limited to 25 percent of the firm’s total wages. Tax on the investment income earned by the Keogh plan is deferred until withdrawn.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $13,362,818
FY ’11 $15,564,635

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.048 Employer-provided accident and disability benefits.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may exclude employer-provided accident and disability benefits from their gross income even if the employer’s costs for the benefits are a deductible business expense.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $3,644,405
FY ‘11 $3,847,763

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.049 Employer-provided group term life insurance benefits.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may exclude employer-provided life insurance benefits from their gross income even if the employer’s cost for the insurance is a deductible business expense. The benefits are excludable to the extent the employer’s share of the total insurance cost does not exceed $50,000.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $3,199,965
FY ‘11 $3,124,499

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.050 Employer-paid medical insurance and expenses. 
36 M.R.S.A. § 5102 (1-D)

Employer-paid health insurance premiums and medical expenses (including long-term care) are excluded from an employee’s gross income even if the employer’s cost for the insurance is deducted as a business expense. Self-employed individuals may also deduct part of family health insurance premiums.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY '10 $157,864,957
FY '11 $164,817,332

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.051 Public assistance benefits.

36 M.R.S.A. § 5102 (1-D)

Public assistance benefits are excluded from tax. Normal tax method considers cash transfers from public agencies as taxable and, thus, treats the exclusion for public assistance benefits as a tax expenditure.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $3,644,405
FY ‘11 $3,847,763

Methods used to calculate the revenue loss


Number of taxpayers affected

Approximately 30,000 taxpayers affected.
1.052 Workers’ compensation benefits – disability and survivors payments.
36 M.R.S.A. § 5102 (1-D)

Workers compensation provides payment to disabled workers. These benefits, although income to the recipients, are not subject to income tax.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $3,199,965
FY ‘11 $3,384,874

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.053 Expensing multi-period timber growing costs.
36 M.R.S.A. § 5102 (I-D)

Most of the production costs of growing timber may be expensed (rather than capitalized) and deducted when the timber is sold. In most other industries, these costs are capitalized under the uniform capitalization rules.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $79,000
FY ‘11 $79,000

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.054 Expensing of exploration and development cost, non-fuel minerals.  
36 M.R.S.A. § 5102 (1-D)

Certain capital outlays associated with exploration and development of non-fuel minerals may be expensed rather than depreciated over the life of the asset.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $39,500  
FY ‘11 $39,500

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.055 Excess of percentage over cost depletion, non-fuel mineral.

36 M.R.S.A. § 5102 (1-D)

Most non-fuel mineral extractors may use percentage depletion rather than cost depletion, with percentage depletion rates ranging from 22 percent for sulfur to 5 percent for sand and gravel.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $158,017
FY ‘11 $155,222

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.056 Expensing of exploration and development cost.
36 M.R.S.A. § 5102 (1-D)

For successful investments in domestic oil and gas wells, intangible drilling costs (e.g., wages, the cost of using machinery for grading and drilling, the cost of unsalvageable materials used in constructing wells) may be expensed rather than amortized over the productive life of the property. Integrated oil companies may deduct 70 percent of such costs and must amortize the remaining 30 percent over five years. The same rule applies to the exploration and development cost of surface stripping and the construction of shafts and tunnels for other fuel minerals.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $207,375
FY ’11 $197,500

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.057 Excess of percentage over cost depletion.
36 M.R.S.A. § 5102 (I-D)

Independent fuel mineral producers and royalty owners are generally allowed to take percentage depletion deductions rather than cost depletion on limited quantities of output. Under cost depletion, outlays are deducted over the productive life of the property based on the fraction of the resource extracted. Under percentage depletion, taxpayers deduct a percentage of gross income from mineral production at rates of 22 percent for uranium; 15 percent for oil, gas and oil shale; and 10 percent for coal. Generally, the deduction is limited to 50 percent of taxable income from the property, except for oil and gas where the depletion is 100 percent of taxable property income. Production from geothermal deposits is eligible for a percentage depletion of 65 percent of net income, but with no limit on output and no limitation with respect to qualified producers. Unlike depreciation or cost depletion, percentage depletion deductions can exceed the cost of the investment.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $513,500
FY ‘11 $513,500

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.058 Expensing of research and experimental expenditures.
36 M.R.S.A. § 5102 (1-D)

Research and experimentation (R&E) projects can be viewed as investments because, if successful, the benefits accrue for several years. It is often difficult, however, to determine whether a specific R&E project is successful and, if successful, what its expected life is. Under the normal tax method, the expensing of R&E expenditures is viewed as a tax expenditure. The baseline assumed for the normal tax method is that R&E expenditures are successful and have an expected life of five years.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $2,291,017  
FY ‘11 $2,525,222

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.059 Exclusion of benefits and allowances to armed forces personnel.
36 M.R.S.A. § 5102 (1-D)

The housing and meals provided military personnel, either in cash or in kind, as well as certain amounts of pay related to combat service, are excluded from taxable income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $4,118,474
FY ‘11 $4,484,235

Methods used to calculate the revenue loss


Number of taxpayers affected

Approximately 10,000 taxpayers affected.
1.060 Exclusion of income earned abroad by U.S citizens.
36 M.R.S.A. § 5102 (1-D)

U.S. citizens who live abroad, work in the private sector and satisfy a foreign residency requirement, may exclude up to $87,600 (for 2008) in foreign earned income from U.S. taxes. In addition, the value of employer provided foreign housing allowance is also excludable. The excludable amount of housing expenses is limited to 30% of the maximum foreign earned income exclusion for the year ($26,280 in 2008).

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $5,155,500
FY ‘11 $5,265,360

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.061 Exclusion of certain allowances for federal employees abroad.
36 M.R.S.A. § 5102 (I-D)

U.S. Federal civilian employees and Peace Corps members who work outside the continental United States may exclude from gross income certain special allowances received as compensation for the relatively high costs associated with living overseas. The allowances supplement wage income and cover expenses such as rent, education and the cost of travel to and from the United States.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $918,509
FY ‘11 $925,778

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.062 Deferral of active income of U.S. - controlled foreign corporations.
36 M.R.S.A. § 5102 (1-D)

The income of foreign corporations controlled by U.S. shareholders is not subject to U.S. taxation. The income becomes taxable only when the controlling U.S. shareholders receive dividends or other distributions from their foreign stockholding. Under the normal tax method, the currently attributable foreign source pre-tax income from the controlling interest is considered to be subject to U.S. taxation, whether or not distributed. Thus, the normal tax method considers the amount of controlled foreign corporation income not yet distributed to a U.S. shareholder as tax-deferred income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $2,913,125
FY ‘11 $3,081,000

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.063 Inventory property sales source rule exception.
36 M.R.S.A. § 5102 (1-D)

The worldwide income of a U.S. person is taxable by the United States and a credit for foreign taxes paid on the income is allowed. The amount of foreign taxes that may be credited is limited to the pre-credit U.S. tax on the foreign source income. The sales source rule for inventory property allow U.S. exporters to use more foreign tax credits by allowing the exporters to attribute a larger portion of their earnings abroad than would be the case if the allocation of earnings was based on actual economic activity.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $2,745,250
FY ‘11 $2,824,250

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.064 Deduction for casualty and theft losses.
36 M.R.S.A. § 5102 (1-D)

Neither the purchase of property nor insurance premiums to protect its value is deductible as costs of earning income; therefore, reimbursement for insured loss of such property is not reportable as a part of gross income. Taxpayers, however, may deduct uninsured casualty and theft losses of more than $100 each, but only to the extent that total losses during the year exceed 10% of adjusted gross income.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ’10 $188,759
FY ’11 $214,853

**Methods used to calculate the revenue loss**

Estimate is based on data from the Maine Revenue Services Individual Income tax Model.

**Number of taxpayers affected**

Approximately 300 taxpayers affected.
1.065 Deduction for medical expenses and long-term care expenses.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may deduct personal expenditures for medical care (including the cost of prescription drugs) exceeding 7.5% of adjusted gross income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $9,250,497
FY ‘11 $9,658,880

Methods used to calculate the revenue loss

Estimate is based on data from the Maine Revenue Services Individual Income tax Model.

Number of taxpayers affected

Approximately 25,000 taxpayers affected.
1.066 Deduction for charitable contributions to educational institutions.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may deduct contributions to nonprofit educational institutions. Taxpayers who donate capital assets to educational institutions may deduct the asset’s current value without being taxed on any appreciation in value. An individual’s total charitable contribution generally may not exceed 50% of adjusted gross income; a corporation’s total charitable contributions generally may not exceed 10% of taxable income.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $8,375,172
FY ‘11 $8,647,998

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Approximately between 10,000 and 50,000 taxpayers affected.
1.067 Deduction for charitable contributions to health organizations.

36 M.R.S.A. § 5102 (1-D)

Indians and corporations may deduct contributions to nonprofit health institutions. Tax expenditures resulting from the deductibility of contributions to other charitable institutions are listed under the education, training, employment, and social services function.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY '10 $5,866,551
FY '11 $6,054,818

Methods used to calculate the revenue loss


Number of taxpayers affected

Approximately between 10,000 and 70,000 taxpayers affected.
1.068 Deduction for charitable contributions, other than for education and health.

36 M.R.S.A. § 5102 (1-D)

Taxpayers may deduct contributions to charitable, religious, and certain other nonprofit organizations. Taxpayers who donate capital assets to charitable organizations may deduct the asset’s current value without being taxed on any appreciation in value. An individual’s total charitable contribution generally may not exceed 50% of adjusted gross income; a corporation’s total charitable contributions generally may not exceed 10% of taxable income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $44,187,067  
FY ‘11 $45,853,224

Methods used to calculate the revenue loss


Number of taxpayers affected

Approximately between 100,000 and 175,000 taxpayers affected.
1.069 Deductibility of other state and local taxes.  
36 M.R.S.A. § 5102 (1-D)

Tax not directly connected with a trade or business or with property held for production of rents or royalties may be deducted only as an itemized deduction on Form 1040, Schedule A. These include the following (1) state, local or foreign real property tax; (2) state or local personal property tax; (3) state, local or foreign income, war profits, or excess profit tax; and (4) generation-skipping transfer tax imposed on income distributions.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $49,768,091  
FY ‘11 $52,311,116

Methods used to calculate the revenue loss

Estimate is based on data from the Maine Revenue Services Individual Income tax Model.

Number of taxpayers affected

Approximately 160,000 taxpayers affected.
1.070 Self-employed medical insurance premiums.
36 M.R.S.A. § 5102 (1-D)

Self-employed taxpayers may deduct a percentage of family health insurance premiums paid. The deduction is 60% of costs in 2001, 70% in 2002, and 100% in 2003 and thereafter. Taxpayers not having self-employment income are not eligible for the special percentage deduction.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $6,162,896
FY ‘11 $6,654,026

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.071 Exclusion of foster care payments.
36 M.R.S.A. § 5102 (1-D)

Foster parents provide a home and care for children who are wards of the state under contract with the state. Compensation received for these services is excluded from the gross income of foster parents; the expenses they incur are nondeductible.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $918,509
FY ‘11 $925,778

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.072 Exclusion of benefits provided under cafeteria plans.
36 M.R.S.A. § 5102 (1-D)

Cafeteria plans are employer-sponsored benefit packages that offer employees a choice between cash and receiving qualified benefits, such as accident and health coverage, group term life insurance coverage or coverage under a dependent care program. Benefit amounts are not included in the income of a cafeteria plan participant; however, if the participant chooses cash, the cash is includible in gross income as compensation. Otherwise, qualified benefits are excludable to the extent allowed by law.

A flexible spending arrangement (FSA) is a classified cafeteria plan. These arrangements allow employees to make pre-tax contributions to accounts for reimbursement of health and/or dependent care expenses.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $46,725,420
FY ’11 $50,541,667

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.073 Exclusion of employee meals and lodging – other than military.
36 M.R.S.A. § 5102 (1-D)

Employer-provided meals and lodging are excluded from an employee’s gross income even though the employer’s cost for these items are deductible business expense.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $1,185,172
FY ‘11 $1,157,222

**Methods used to calculate the revenue loss**


**Number of tax payers affected**

Number of taxpayers affected is not available.
1.074 Special tax provisions for employee stock ownership plans (ESOPs).

Employer Stock Ownership Plans (ESOPs) are special types of tax-exempt employee benefit plans which are intended to increase ownership of corporations by their employees. Employer-paid contributions (the value of the stock issued to the ESOP) are deductible by the employer as part of employee compensation cost. ESOPs are not included in employees’ gross income for tax purposes, until they are paid as benefits.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $780,177
FY ‘11 $811,292

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.075 Exclusion of housing allowances for ministers.  
36 M.R.S.A. § 5102 (1-D)

The value of a minister’s housing allowance and the rental value of parsonages are not included in a minister’s taxable income.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY '10 $799,991  
FY '11 $810,055

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.76 Exclusion of miscellaneous fringe benefits.
36 M.R.S.A. § 5102 (1-D)

Certain fringe benefits may be excluded from an employee’s gross income. Benefits such as air flights, cars, computers, educational benefits, entertainment or travel may be excludable as working condition fringe benefits. However, these benefits may be includible in income to the extent the employee uses them for personal purposes. In general, an employee is required to include in income the amount by which the fair market value of the fringe benefit exceeds the sum of (1) the amount, if any, paid for the benefit and (2) the amount, if any, specifically excluded by some other provision of law.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $8,799,905
FY ‘11 $9,460,289

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.077 Exclusion of interest on educational savings bonds - Student-loan bonds.
36 M.R.S.A. § 5102 (1-D)

Interest earned on state and local bonds issued to finance student loans are tax-exempt. The volume of all such private activity bonds that each state may issue annually is limited.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $513,569
FY ‘11 $502,389

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.078 Exclusion of scholarship and fellowship income.
36 M.R.S.A. § 5102 (1-D)

Scholarships and fellowships are excluded from taxable income to the extent used for tuition and course-related expenses of the grantee. Similarly, tuition reductions for employees of educational institutions and their families are not included in taxable income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $2,222,198
FY ‘11 $2,285,513

Methods used to calculate the revenue loss


Number of tax payers affected

Number of taxpayers affected is not available.
1.079 Deduction for interest of student loans.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may claim an above-the-line deduction of up to $2,500 on interest paid on an education loan. In 2007, the maximum deduction is phased down ratably for taxpayers with modified AGI between $110,000 and $140,000 ($55,000 and $70,000 for singles), indexed.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $2,271,334
FY ‘11 $2,359,241

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services Individual Income tax Model.

Number of taxpayers affected

Approximately 46,000 taxpayers affected.
1.080 Exclusion of tax on earnings of qualified tuition programs.
36 M.R.S.A. § 5102 (1-D)

A qualified tuition program (QTP or Code Sec. 529 plan) is exempt from all federal taxation, except for the tax imposed on unrelated business income. A QTP is a program under which a person may prepay tuition credits or make cash contributions to an account on behalf of a beneficiary for payment of qualified higher education expenses. The exclusion applies for tax years beginning after 2001 for state QTPs and for tax years beginning after 2003 for other QTPs. A 10% penalty applies to any distributions not used to pay qualified higher education expenses for a reason other than death or disability of the beneficiary or to the extent that the distribution exceeds amounts not covered by scholarships.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $1,155,543
FY ’11 $1,330,805

Methods used to calculate the revenue loss


Number of taxpayers affected

Approximately 20,000 taxpayers affected.
1.081 Exclusion of earnings of Coverdell education savings accounts.
36 M.R.S.A. § 5102 (1-D)

Coverdell education savings accounts are trusts or custodial accounts that are created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses of a designated beneficiary. The aggregate annual contributions that can be made by all contributors to Coverdell education savings accounts for the same beneficiary is $2,000 per year. The maximum contribution limit is reduced for individual contributors with adjusted gross income between $95,000 and $110,000 ($190,000 to $220,000 in the case of married taxpayers filing jointly). Contributions to a Coverdell education savings account are not deductible and the related interest income is not subject to tax. Distributions from a Coverdell education savings account are not included in the distributee’s income to the extent that the total distribution does not exceed the qualified education expenses incurred by the beneficiary during the year the distribution is made.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $118,517
FY ‘11 $115,722

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.082 Exclusion of employer-provided tuition reduction benefits.
36 M.R.S.A. § 5102 (1-D)

The amount of any qualified tuition reduction to employees of educational institutions is excluded from gross income. The tuition reduction must be provided to the employee of a qualified educational organization and can be provided by the employer or by another qualified educational organization. Moreover, the reduction can be for education provided to the employee, the employee’s spouse, dependent child, or other persons treated as an employee under code § 132(h).

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $237,034
FY ‘11 $231,444

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.083 Exclusion of employer-provided education assistance benefits.
36 M.R.S.A. § 5102 (1-D)

Up to $5,250 of payments received by an employee for tuition, fees, books, supplies, etc. under an employer’s educational assistance program may be excluded from gross income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $1,066,655
FY ‘11 $ 433,958

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.084 Exclusion of capital gains at death.
36 M.R.S.A. § 5102 (1-D)

Capital gains on assets held at the owner’s death are not subject to capital gains taxes. The cost basis of the appreciated assets is adjusted upward to the market value at the owner’s date of death. After repeal of the estate tax for 2010 under the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) in 2001, the basis for property acquired from a decedent will be the lesser of fair market value or the decedent’s basis. Certain types of additions to basis will be allowed so that assets in most estates that are not currently subject to estate tax will be subject to capital gains tax in the hands of the heirs.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $70,458,496
FY ‘11 $66,598,122

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.085 Carryover basis of capital gains on gifts.
36 M.R.S.A. § 5102 (1-D)

When a gift is made, the donor’s basis in the transferred property (the cost that was incurred when the transferred property was first acquired) carries over to the donee. The carryover of the donors’ basis allows continued deferral of unrealized capital gains. Even though the estate tax is repealed for 2010 under EGTRRA, the gift tax is retained with a lifetime exemption of $1 million.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $7,170,293
FY ’11 $6,972,262

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.086 **Amortization of business startup costs.**

*36 M.R.S.A. § 5102 (1-D)*

When a taxpayer initiates a new business, certain startup expenses, such as the cost of legal services, are normally incurred. Taxpayers may elect to amortize these outlays over 60 months even though they are similar to other payments made for non-depreciable intangible assets that are not recoverable until the business is sold.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY '10 $1,037,026  
FY '11 $1,041,500

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.087 Deduction of certain film and television production costs.
36 M.R.S.A. § 5102 (1-D)

Taxpayers may deduct up to $15 million ($20 million in certain depressed areas) per production expenditures in the year incurred. Excess expenditures may be deducted over three years using the straight line method. This provision was enacted in 2004. Under prior law, production expenses were depreciated.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $0 - $49,999
FY ’11 $0 - $49,999

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.088 Depreciation of rental housing in excess of alternative depreciation system.
36 M.R.S.A. § 5102 (1-D)

The depreciation allowance provisions applicable to rental property are part of the reference law rules and do not give rise to tax expenditures under the reference method. Under the normal tax method, economic depreciation is assumed and, for purposes of this report, accelerated depreciation for rental property is considered a tax expenditure.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $6,478,909
FY ‘11 $7,036,373

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.089 Depreciation of buildings other than rental housing in excess of alternative depreciation system. 

36 M.R.S.A. § 5102 (1-D)

The depreciation allowance provisions applicable to non-rental housing buildings are part of the reference law rules, and do not give rise to tax expenditures under the reference method. Under the normal tax method, economic depreciation is assumed and, for purposes of this report accelerated depreciation for non-rental housing buildings is considered a tax expenditure.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $1,106,121
FY ’11 $1,086,555

Methods used to calculate the revenue loss


Number of tax payers affected

Number of taxpayers affected is not available.
1.090 Exclusion of investment income on life insurance and annuity contracts.
36 M.R.S.A. § 5102 (1-D)

Favorable tax treatment is provided for investment income within qualified life insurance and annuity contracts. Investment income earned on qualified life insurance contracts held until death is permanently exempt from income tax. Investment income distributed prior to the death of the insured is tax-deferred. Investment income earned on annuities is treated less favorably than income earned on life insurance contracts, but it benefits from tax deferral without annual contribution or income limits generally applicable to other tax-favored retirement income plans.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $34,280,955
FY ’11 $34,337,325

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.091 Exclusion of capital gains on sales of principal residences.
36 M.R.S.A. § 5102 (1-D)

A homeowner can exclude from tax up to $500,000 (joint filers) or $250,000 (single filers) of capital gains from the sale of a principal residence. The exclusion may not be used more than once every two years.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $37,629,067
FY ‘11 $40,383,809

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.092 Deduction for property taxes on owner-occupied homes.
36 M.R.S.A. § 5102 (1-D)

Owner-occupants of homes may deduct property taxes on their primary and secondary residences even though they are not required to report the value-occupied housing services as gross income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $38,414,816
FY ’11 $40,961,477

Methods used to calculate the revenue loss

Estimate is based on data from Maine Revenue Service individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 130,000 taxpayers affected.
1.093 Deduction for mortgage interest on owner-occupied homes.
36 M.R.S.A. § 5102 (1-D)

Owner-occupants of homes may deduct mortgage interest on their primary and secondary residences as itemized non-business deductions. The mortgage interest deduction is limited to interest on debt no greater than the owner’s basis in the residence and is limited to no more than $1 million. This allowance is effective for tax years beginning on or after October 1987. Interest on up to $100,000 of other debt secured by a lien on a principal or second residence is also deductible, irrespective of the purpose of borrowing, provided the debt does not exceed the fair market value of the residence. Mortgage interest deductions on personal residences are tax expenditures because the value of owner-occupied housing services is not included in a taxpayer’s taxable income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $74,156,211
FY ‘11 $78,622,496

Methods used to calculate the revenue loss

Estimate is based on data from Maine Revenue Service individual income micro-simulation tax model.

Number of taxpayers affected

Approximately 140,000 taxpayers affected.
1.094 Exemptions from imputed interest rules.  
36 M.R.S.A. § 5102 (I-D)

Holders (issuers) of debt instruments are generally required to report interest earned (paid) in the period it accrues, not when paid. In addition, the amount of interest accrued is determined by the actual price paid, not by the stated principal and interest stipulated in the instrument. In general, any debt associated with the sale of property worth less than $250,000 is excepted from the general interest accounting rules. This general $250,000 exception is not a tax expenditure under the reference law, but is under normal law. Exceptions above $250,000 are tax expenditures under reference law; these exceptions include: (1) sales of personal residences worth more than $250,000 and (2) sales of farms and small businesses worth between $250,000 and $1 million. For purposes of this report, the reference law method is used.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $562,957
FY ‘11 $578,611

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.095 Deferral of gain on non-dealer installment sales.
36 M.R.S.A. § 5102 (1-D)

Installment sales are sales of properties in which at least one payment will be received in a tax year later than the year in which the sale occurred. Non-dealers (i.e., sellers of real property used in their business) are excused from paying interest on deferred taxes attributable to their total installment obligations of less than $5 million. Only properties with sales prices exceeding $150,000 are includable in the total. Dealers in real and personal property (i.e., sellers who regularly hold property for sale or resale) cannot defer taxable income from installment sales until the receipt of the loan payment.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $ 948,090
FY ‘11 $1,301,028

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.096 **Completed contract rules.**

36 M.R.S.A. § 5102 (1-D)

A long-term contract is a building, installation, construction or manufacturing contract that is not completed within the tax year in which entered into. The income from long-term contracts may be reported in either of the following ways.

**Percentage-of-Completion Method.** Gross income may be reported annually according to the percentage of the contract completed in that year. The completed percentage, in the case of long-term contracts entered into after February 28, 1986, must be determined by comparing costs (cost-to-cost method). In the case of contracts entered into before March 1, 1986, the completion percentage can be determined under the cost-to-cost method by comparing the work completed to date with the total estimate of work to be completed.

**Completed-Contract Method.** In limited circumstances, net profit on the entire job may be reported in the year in which the contract is completed and accepted. Under the completed-contract method, expenses allocable to the contract (i.e. contract cost) are deductible in the year in which the contract is completed.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $227,125  
FY ‘11 $237,000

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.097 Additional standard deduction for the blind and elderly.

*36 M.R.S.A. § 5102 (1-D)*

For 2008, taxpayers who are blind may take an additional $1,350 standard deduction if single, or $1,050 if married.

For 2008, taxpayers who are 65 years or older may take an additional $1,350 standard deduction if single, or $1,050 if married.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $4,532,497
FY ‘11 $4,756,894

**Methods used to calculate the revenue loss**

Maine Revenue Services Individual Income Tax Model.

**Number of taxpayers affected**

Approximately 50,000 taxpayers affected.
1.098 Parental personal exemption for students age 19 to 23.

36 M.R.S.A. § 5102 (1-D)

Taxpayers may claim personal exemptions for dependent children who are over the age of 18 or under the age of 24 and who (1) reside with the taxpayer for over half the year (with exceptions for temporary absences from home, such as for school attendance), (2) are full time students, and (3) do not claim a personal exemption on their own tax return.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $ 38,518
FY ‘11 $350,060

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.099 Exclusion of veterans’ disability compensation.  
36 M.R.S.A. § 5102 (1-D)

All compensation due to death or disability paid by the Veteran Administration is excluded from taxable income.

1.099 Exclusion of veterans’ pensions.  
36 M.R.S.A. § 5102 (1-D)

Pension payments made by the Veteran Administration are excluded from gross income.

1.099 Exclusion of veterans’ readjustment benefits.  
36 M.R.S.A. § 5102 (1-D)

G.I. Bill benefits paid by the Veteran Administration are excluded from gross income.

1.099 Exclusion of interest on state and local government qualified private activity bonds for veterans’ housing.  
36 M.R.S.A. § 5102 (1-D)

Interest earned on general obligation bonds issued by state and local governments to finance housing for veterans is excluded from taxable income. The issuance of such bonds is limited, however, to five pre-existing state programs and amounts based upon previous volume levels for the period January 1, 1979 to June 22, 1984. Furthermore, future issues are limited to veterans who served on active duty before 1977.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $4,948,095  
FY ‘11 $5,033,915

**Methods used to calculate the revenue loss**

**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.100 Exclusion of military disability benefits.
36 M.R.S.A. § 5102 (1-D)

Most of military pension income received by current disabled retired veterans is excluded from their taxable income.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $118,517
FY ‘11 $115,722

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.101 Exclusion of employee awards.
36 M.R.S.A. § 5102 (1-D)

Employee achievement awards (items of tangible personal property) are excludable from gross income only to the extent that the cost of the award is deductible by the employer. The awards cannot represent disguised compensation, and the excludable amount can total no more than $400 for nonqualified awards or $1,600 for qualified awards.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $237,034
FY ‘11 $231,444

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.102 Deferral of gain on like-kind exchanges.
36 M.R.S.A. § 5102 (1-D)

No gain or loss is recognized on the exchange of property held for productive use in a trade or business or for investment if the property received is of a like-kind and is held either for productive use in a business or for investment. This nonrecognition rule does not apply to stock in trade or other property held primarily for sale, stocks, bonds, notes, certificate of trust, beneficial interests, partnership interests, securities or evidence of indebtedness or interests.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $2,577,560
FY ’11 $2,519,277

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.103 Exclusion of employer-paid transportation benefits.

36 M.R.S.A. § 5102 (1-D)

Employee parking expenses that are paid by the employer or that are received in lieu of wages are excludable from the income of the employee. In 2008, the maximum amount of the parking exclusion was $220 (indexed) per month. The tax expenditure estimate does not include parking at facilities owned by the employer.

Transit passes, tokens, fare cards and vanpool expenses paid by an employer or provided in lieu of wages to defray an employee’s commuting costs are excludable from the employee’s income. In 2008, the maximum amount of the exclusion was $115 (indexed) per month.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $5,985,120
FY ’11 $5,988,623

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.104 Deduction for overnight travel expenses of National Guard and Reserve Members.
36 M.R.S.A. § 5102 (1-D)

Members of the National Guard and the Reserves who travel more than 100 miles from home are allowed to deduct travel expenses while away from home to attend meetings and training sessions as an above-the-line deduction.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $90,263
FY ‘11 $94,024

Methods used to calculate the revenue loss


Number of taxpayers affected

Approximately 1,000 taxpayers affected.
1.105 Special tax rate for nuclear decommissioning reserve funds.
36 M.R.S.A. § 5102 (1-D)

The deduction for contributions to nuclear decommissioning trust accounts is not viewed as a tax expenditure because the contributions are irrevocable (i.e., they satisfy the economic performance standard). However, present law reduced rate of tax on the income of nuclear decommissioning trust accounts, is viewed as tax expenditure.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $316,000
FY ‘11 $345,625

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.106 Amortization and expensing of reforestation expenditures.
36 M.R.S.A. § 5102 (1-D)

In the case of expenditures paid or incurred after October 22, 2004, a qualified taxpayer may elect to expense up to $10,000 ($20,000 in certain locations) of qualified reforestation expenditures each tax year for each qualified timber property.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $126,417
FY ‘11 $123,622

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.107 Expensing of soil and water conservation expenditures.
36 M.R.S.A. § 5102 (1-D)

A farmer may generally deduct soil and water conservation expenditures that do not give rise to a deduction for depreciation, that are otherwise deductible and that would increase the basis of the property absent the election to deduct them. The deduction is limited annually to 25% of the taxpayer’s gross income from farming. Excess expenses can be carried over to succeeding tax years indefinitely, but each year the total deduction is limited to 25% of that year’s gross income from farming.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $0 – $49,999
FY ’11 $94,319

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.108 Expensing of fertilizer and soil conditioner costs.

36 M.R.S.A. § 5102 (I-D)

A farmer, other than a farm syndicate, may elect to deduct current expenses otherwise chargeable to capital account made for fertilizer, lime, ground limestone, marl or other materials for enriching, neutralizing or conditioning land use in farming.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $118,517  
FY ‘11 $115,722

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.109 Expensing of the costs of raising dairy and breeding cattle.

36 M.R.S.A. § 5102 (1-D)

Deductions are permitted for farming expenses including a horticultural nursery expenses. Allowable deductions include cost of tools and feeding and raising livestock. Expenses for the purchase of farm equipment, breeding, dairy or work animals, a car, and drilling water wells for irrigation purposes are capital items usually subject to depreciation.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $118,517
FY ‘11 $115,722

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.110 Exclusion of cost-sharing payments.
36 M.R.S.A. § 5102 (1-D)

Agricultural and forestry cost-sharing payments made by state or federal governments may be excluded from gross income if (1) the Secretary of Agriculture determines that the payments were made primarily for soil and water conservation, environmental protection or restoration, wildlife habitat development, or forest improvement and (2) the Treasury Department determines that the payments do not result in a substantial increase in the annual income derived from the property with respect to which the payments were made.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $0 – $49,999
FY ‘11 $0 – $49,999

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.111 Exclusion of cancellation of indebtedness income of farmers.
36 M.R.S.A. § 5102 (I-D)

Income arising from the discharge of qualified farm indebtedness owed to an unrelated lender, including a federal, state, or local government or agency, or instrumentality of such an agency, may be excluded from a taxpayer’s income if certain requirements are met. The debt must be incurred directly in connection with the operation by the taxpayer of the trade or business of farming. Also, at least 50% of the taxpayer’s aggregate gross receipts for the three tax years preceding the tax year in which the discharge of the indebtedness occurs must be attributable to the trade or business of farming.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $118,517  
FY ‘11 $115,722

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.112 Deferral of tax on U.S shipping companies
(36 M.R.S.A. § 5102 (1-D))

Certain companies that operate U.S. flag vessels can defer income taxes on that portion of
income used for shipping purposes, primary construction, modernization and major
repairs to ships, and repayment of loans to finance these investments. As of January 1,
1987, the deferral is limited to 25 years.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to
calculate federal adjusted gross income. Conformity reduces filing errors, eases tax
administration and increases tax compliance. Conformity also helps keep Maine taxes
more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $39,500
FY ‘11 $39,500

Methods used to calculate the revenue loss

Estimate source: Tax Expenditure Estimates by Budget Function, Fiscal Years 2007-
2011, compiled by the U.S. Joint Standing Committee on Taxation.

Number of taxpayers affected

Number of taxpayers affected is not available.
1.113 Exclusion of income earned by voluntary employees’ beneficiary associations.
36 M.R.S.A. § 5102 (1-D)

Voluntary employees’ beneficiary associations (VEBA) providing for the payment of life, sickness, accident or other benefits to members, their dependents, or beneficiaries, if no part of its net earnings inures (other than through payment of benefits) to the benefit of any private shareholder or individual. A VEBA will not qualify for exemption unless it meets certain participation and anti-discrimination requirements that are similar to those applying to qualified pension, profit-sharing and stock bonus plans.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ’10 $2,488,862  
FY ’11 $2,516,958

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.114 Deferral of taxation on spread on acquisition of stock under incentive stock option plans and employee stock purchase plans.
36 M.R.S.A. § 5102 (1-D)

Under the Joint Committee staff view of normal tax law, compensatory stock options would be subject to regular income tax at the time the options are exercised and employers would receive a corresponding tax deduction. The employee’s income would be equal to the difference between the purchase price of the stock and the market price on the day the option is exercised. Present law provides for special tax treatment for incentive stock options and options acquired under employee stock purchase plans. When certain requirements are satisfied, (1) the income that is received at the time the option is exercised is excluded for purposes of the regular income tax but, in the case of an incentive stock option, included for purposes of the alternative minimum tax, (2) the gain from any subsequent sale of the stock is taxed as a capital gain, and (3) the employer does not receive a tax deduction with respect to the option.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $266,664
FY ‘11 $318,236

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.115 Exclusion of medical care and TRICARE medical insurance for military dependents, retirees, and retiree dependents not enrolled in Medicare.  
36 M.R.S.A. § 5102 (1-D)

Military personnel are provided with a variety of in-kind benefits that are not taxed, such as medical and dental benefits. These benefits are also provided to active duty dependents, as well as retired military and their dependents. Some military care for eligible dependents is provided directly at military facilities and by military doctors on a space available basis.

The Department of Defense (DOD) is implementing a new program, entitled Tricare, in an effort to coordinate the efforts of armed services’ medical facilities and civilian providers. Beneficiaries can receive care under one of three options: (1) Tricare prime, a DOD-managed HMO; (2) Tricare Extra, a preferred-provider organization; or (3) Tricare Standard, formerly known as CHAMPUS. Under the later two options, beneficiaries are reimbursed for portions of health care costs received from civilian providers. Retirees and their dependents that are eligible for Medicare and participate in Medicare Part B will be allowed to retain their Tricare coverage, which includes pharmaceutical benefits.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $2,696,267  
FY ‘11 $2,835,194

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.116 Exclusion of workers' compensation benefits (medical benefits).
36 M.R.S.A. § 5102 (1-D)

Compensation received under a workers’ compensation act for personal injuries or sickness and amounts received by a taxpayer under a policy of accident and health insurance are exempt from tax.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $11,051,732
FY ‘11 $11,687,941

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.117 Health savings accounts.
36 M.R.S.A. § 5102 (1-D)

Health savings accounts (HSA’s) enable workers with high-deductible health insurance to make pre-tax contributions equal to the lesser of the annual deductible or $2,850 for self-coverage ($5,650 for families) for 2007 to cover health care costs. Any amount paid or distributed from a HSA which is used exclusively to pay qualified medical expenses of any account beneficiary is not included in gross income. Distributions not used to pay qualified medical expense must be included in gross income and is subject to a 10-percent penalty.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ‘10 $1,333,319
FY ‘11 $1,735,833

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
36 M.R.S.A. § 5102 (I-D)

All Medicare benefits are excluded from taxation. The value of Medicare Part A, Part B and Part D insurance generally is greater than the Health Insurance (“HI”) tax contributions that enrollees make during their working years.

Reason(s) for exemption

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

Estimated General Fund revenue loss

FY ’10 $58,014,186
FY ’11 $66,106,302

Methods used to calculate the revenue loss


Number of taxpayers affected

Number of taxpayers affected is not available.
1.119 Exclusion of Medicare benefits - Exclusion of certain subsidies to employers who maintain prescription drug plans for Medicare enrollees.
36 M.R.S.A. § 5102 (1-D)

Employers are allowed to deduct fully all payments for retiree prescription drug plans. To encourage employers to offer retiree prescription drug plans, the federal government, under § 1860D-22 of the Social Security Act, provides an additional subsidy payment. To ensure the continuation of these retiree prescription drug plans during the implementation of improvements to Medicare supplemental insurance for prescription drugs, the subsidy payments received under § 1860D-22 of the Social Security Act are fully excludable from gross income and not taken into account when determining the appropriate deduction for maintaining a retiree prescription drug plan.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $434,500
FY ‘11 $434,500

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.120 Exclusion of damages on account of personal physical injuries or physical sickness.
36 M.R.S.A. § 5102 (1-D)

Amounts received as damages (other than punitive damages) on account of personal physical injuries or physical sickness is excludable from income. Damages for emotional distress (including the physical symptoms of emotional distress) may not be treated as damages on account of a personal physical injury or sickness, except to the extent of the amount paid for medical care attributable to emotional distress. Interest included in an award of damages for personal injury is includible in gross income.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ’10 $1,777,759  
FY ’11 $1,735,833

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
1.121 Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare.
36 M.R.S.A. § 5102 (1-D)

Amounts received as a pension, annuity or similar allowance on account of personal physical injuries or physical sickness resulting from active service in the military is excludable from income.

**Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

**Estimated General Fund revenue loss**

FY ‘10 $1,629,612  
FY ‘11 $1,880,486

**Methods used to calculate the revenue loss**


**Number of taxpayers affected**

Number of taxpayers affected is not available.
Sales and Excise Taxes

2.001 Casual sales.
36 M.R.S.A. § 1752.11.B (1)

Casual sales are exempt from tax. “Casual sale” means an isolated transaction in which tangible personal property or a taxable service is sold other than in the ordinary course of repeated and successive transactions of like character by the person making the sale. “Casual sales” include transactions at a bazaar, fair, rummage sale, picnic or similar event by a civic, religious or fraternal organization that is not a registered retailer. The sale by a registered retailer of tangible personal property that that retailer has used in the course of the retailer’s business is not a “casual sale” if that property is of like character to that sold by the retailer in the ordinary course of repeated and successive transactions. “Casual sale” does not include any transaction in which a retailer sells tangible personal property or a taxable service on behalf of the owner of that property or the provider of that service.

Casual sales involving the sale of camper trailers, truck campers, motor vehicles, special mobile equipment except farm tractors and lumber harvesting vehicles or loaders, livestock trailers, watercraft or aircraft except those sold for resale at retail sale or to a corporation, partnership, limited liability company or limited liability partnership when the seller is the owner of the majority of the common stock of the corporation or of the ownership interests in the partnership, limited liability company or limited liability partnership are subject to tax.

The sales tax must be levied upon all casual rentals of living quarters in a hotel, rooming house or tourist or trailer camp. This does not apply to the rental of living quarters rented for a total of fewer than 15 days in the calendar year, except that a person who owns and offers for rental more than one property in the State during the calendar year is liable for collecting sales tax with respect to the rental of each unit regardless of the number of days for which it is rented.

When individuals who are not in the business of selling goods dispose of their own used household items by selling them at a yard sale or similar event, or by placing an advertisement in the classified § of a newspaper, they are making casual sales. If the property sold is a motor vehicle, aircraft, watercraft, camper trailer, livestock trailer or special mobile equipment, the purchaser is responsible for the payment of the sales tax directly to the State.

Reason(s) for exemption

These are isolated sales by people who are not in the business of selling goods.

Estimated General Fund revenue loss
FY ‘10 $1,000,000 - 2,999,999
FY ‘11 $1,000,000 - 2,999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.002 Sales by executors.
36 M.R.S.A. § 1752.11.B (2)

Any sale by a personal representative in the settlement of any estate, unless the sale is made through a retailer, or unless the sale is made in the continuation or operation of a business is exempt from tax.

**Reason(s) for exemption**

These are isolated sales that occur as a result of the settlement of an estate.

**Estimated General Fund revenue loss**

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.003 Separately charged labor service fees.
36 M.R.S.A. § 1752.14(4)

The price received for labor or services used in installing or applying or repairing the property sold or fabricated, if separately charged or stated is exempt from tax. For example, sales tax is charged on the sales price of automobile parts but not on the price of the labor charged for repair, maintenance or installation.

**Reason(s) for exemption**

A desire to tax only the sale of goods, not the cost of labor charged for repair, maintenance or installation.

**Estimated General Fund revenue loss**

FY '10 $23,019,708
FY '11 $24,055,595

**Method used to calculate the revenue loss**

Information from tax returns and the sales tax micro-simulation model.
2.004 Tips given directly to employees.

36 M.R.S.A. § 1752.14(5)

Any amount charged or collected, in lieu of a gratuity or tip, as a specifically stated service charge, when that amount is to be disbursed by a hotel, motel, restaurant or other eating establishments to its employees as wages are exempt from tax.

Reason(s) for exemption

The objective is to impose the sales tax on the sale of meals and lodging, not on tip income received by the employees.

Estimated General Fund revenue loss

FY ’10 $780,766
FY ’11 $804,189

Method used to calculate the revenue loss

Information from tax returns and the sales tax micro-simulation model.
2.005 Basic cable and satellite television service.
36 M.R.S.A. § 2551.2

The minimum cable and satellite television service that can be purchased from a cable or satellite television supplier is exempt from tax. All extended service is taxable.

Reason(s) for exemption

Provide tax free access to a basic selection of cable and satellite television channels.

Estimated General Fund revenue loss

FY ‘10 $3,858,360
FY ‘11 $3,991,080

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.006 Telecommunications services.
36 M.R.S.A. § 2551.20B

The following are exempt from tax because they are excluded from the definition of “telecommunications services”:

A. Service originating or terminating outside this State;
B. Access services;
C. Directory advertising services;
D. The sale of unbundled network elements for use in the provision of telecommunications services;
E. The lease of telecommunications equipment;
F. Prepaid calling service; or
G. Mobile telecommunications services provided by a home service provider to a customer whose place of primary use is not within this State.

Reason(s) for exemption

This exemption reduces the cost of interstate telephone calls for all consumers and businesses and is an economic development incentive for business.

Estimated General Fund revenue loss

FY ‘10 $10,333,200
FY ‘11 $10,674,480

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.007 Certain government entities.
36 M.R.S.A. §§ 1760.2 and 2557.2

Sales to the State or any political subdivision, or to the Federal Government, or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them are exempt from tax. This exemption does not apply where title is held or taken as security for any financing arrangement. This exemption also does not apply to corporations organized under Title IV, Part E of the Farm Credit Act of 1971, 12 United States Code, §§ 2211 to 2214.

Reason(s) for exemption

The State does not impose the sales tax on itself and it provides additional funding to its political subdivisions and schools through this sales tax exemption.

Estimated General Fund revenue loss

FY ‘10 $153,166,683
FY ‘11 $156,230,016

Method used to calculate the revenue loss

Based on state and local government expenditures as reported in the Statistical Abstract of the United States.

Number of exempt organizations on file

Government - 876
Agencies of government - 54
2.008 Grocery staples.
36 M.R.S.A. § 1760.3

Grocery staples are exempt from the sales and use tax. Grocery staples means food products ordinarily consumed for human nourishment. Grocery staples does not include spirituous, malt or vinous liquors; soft drinks, iced tea, sodas or beverages such as are ordinarily dispensed at bars or soda fountains or in connection with bars or soda fountains; medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, capsule, lozenge or pill form, sold as dietary supplements or adjuncts, except when sold on the prescription of a physician; water, including mineral, bottled and carbonated waters and ice; dietary substitutes; candy and confections; and prepared food. Prepared food means meals served on or off the premises of the retailer; food and drinks that are prepared by the retailer and ready for consumption without further preparation; and all food and drinks sold from an establishment whose sales of food and drinks that are prepared by the retailer account for more than 75% of the establishment’s gross receipts. Prepared food does not include bulk sales of grocery staples.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

<table>
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<th>Fiscal Year</th>
<th>Revenue Loss</th>
</tr>
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<td>FY ’10</td>
<td>$78,503,880</td>
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<tr>
<td>FY ’11</td>
<td>$79,831,080</td>
</tr>
</tbody>
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Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.009 Ships’ stores.
36 M.R.S.A. § 1760.4

Sales of cabin, deck, engine supplies and bunkering oil to ships engaged in transporting cargo or passengers for hire in interstate or foreign commerce are exempt from the sales and use tax. Bunker oil in this exemption refers to any fuel used to propel the vessel as opposed to used in the operation of any equipment, such as cranes, hoists and generators.

Reason(s) for exemption

The ships are engaged in interstate and/or foreign commerce.

Estimated General Fund revenue loss

FY ‘10 $250,000 – 999,999
FY ‘11 $250,000 – 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.010 Medicines.
36 M.R.S.A. § 1760.5

Sales of medicines for human beings sold on doctor’s prescription are exempt from the sales and use tax. Sales to individuals of “over-the-counter” drugs without a written prescription are taxable, even if the drug is purchased on the advice or recommendation of a physician. However, there is no tax on nonprescription medicines purchased by a doctor for use in the doctor’s medical practice. Sales of medicines originally prescribed by a doctor on a refillable prescription are exempt when the prescription is refilled.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ‘10 $16,286,640
FY ‘11 $16,656,360

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.011 Prosthetic devices.
36 M.R.S.A. § 1760.5-A

Sale of prosthetic aids, hearing aids or eyeglasses and artificial devices designed for the use of a particular individual to correct or alleviate physical incapacity; and sale of crutches and wheelchairs for the use of invalids and crippled persons and not for rental are exempt from the sales and use tax. Sales of crutches, canes, walkers and wheelchairs for rental use are taxable.

“Prosthetic aids” means devices surgically implanted in or worn by the patient as a substitute for a functioning part of the human body. Artificial limbs and artificial eyes; mammary prostheses and brassieres specifically designed to accommodate mammary prostheses; ostomy appliances; enteral feeding devices; dentures, crowns, caps and materials actually used in the repair or replacement of teeth such as dental amalgam and cement; and cardiac pacemakers are examples of items that qualify for exemption as prosthetic aids. Repair parts for items that meet the definition of “prosthetic aids” are also exempt.

Items ordinarily worn for cosmetic purposes, such as wigs, false eyelashes, and makeup, are taxable whether or not the need for them results from a medical condition. Orthopedic or therapeutic devices and appliances that do not replace a functioning part of the human body are not prosthetic aids. Articles of this type are taxable unless they constitute “artificial devices designed for the use of a particular individual to correct or alleviate physical incapacity”. Sales of standardized or stock devices such as trusses, supports, neck or back braces, orthopedic shoes, athletic supports, support hosiery, arch supporters, elastic bandages and similar items are taxable unless they are designed, constructed or altered for the use of a particular individual to correct or alleviate physical incapacity. Sales of hearing aids, batteries and repair parts for hearing aids, prescription eyeglasses, contact lenses and repair or replacement parts and lenses for prescription eyeglasses are exempt from tax. Nonprescription sunglasses, opera glasses, magnifying glasses, platform magnifiers and similar items are taxable. Cleaning solutions and supplies for contact lenses and eyeglasses are taxable.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ’10 $1,675,699
FY ’11 $1,742,727

Method used to calculate the revenue loss

Information from sales tax returns and Federal statistics.
2.012 Meals served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school.  
36 M.R.S.A. § 1760.6-A

Sales of meals made in the school lunchroom during the normal school day or by a school or student organization at a school event where it is evident that those in attendance are mainly students and teachers, are exempt from the sales and use tax. The sale of meals served to students or teachers by a caterer or other person not associated with the school are taxable.

**Reason(s) for exemption**

Subsidize the provision of meals to students and teachers at schools.

**Estimated General Fund revenue loss**

FY ’10 $10,269,861  
FY ’11 $10,577,957

**Method used to calculate the revenue loss**

Estimate of the cost of meals served in schools.
2.013 Sales of meals to patients of institutions licensed by the Department of Health and Human Services for the hospitalization or nursing care of human beings, or to patients or residents of institutions licensed by the Department of Health and Human Services under Title 22, Subtitle 6 or Title 22, § 1781.

36 M.R.S.A. § 1760.6-B

Meals served to patients in these facilities are exempt from the sales and use tax.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ‘10 $3,640,320
FY ‘11 $3,782,520

Method used to calculate the revenue loss

Sales tax micro simulation model.
2.014 Sales of meals by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated nonprofit area agencies on aging for the purpose of providing meals to the elderly.

36 M.R.S.A. § 1760.6-C

Meals sold to the area agencies on aging for the purpose of providing meals to the elderly are exempt from the sales and use tax.

Reason(s) for exemption

This exemption supports the provision of meals to the elderly.

Estimated General Fund revenue loss

FY ’10 $319,200
FY ’11 $320,796

Method used to calculate the revenue loss

This estimate is based on the number of meals served in fiscal year 2002 and the average cost of each meal served in fiscal years 2002 and 2003.

Number of exempt organizations on file

78
2.015 Sales of meals to residents of incorporated nonprofit church-affiliated congregate housing facilities for the elderly in which at least 75% of the units are available for leasing to eligible lower-income residents.

36 M.R.S.A. § 1760.6-D

Meals sold to residents of church-affiliated congregate housing facilities are exempt from the sales and use tax.

**Reason(s) for exemption**

This exemption supports the provision of meals to the elderly.

**Estimated General Fund revenue loss**

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.016 Meals served by colleges to employees of the college when the meals are purchased with debit cards issued by the college.

36 M.R.S.A. § 1760.6-E

Meals served by a college to employees of the college who purchase those meals with a debit card issued by the college are exempt from sales and use tax.

Reason(s) for exemption

To eliminate the need for colleges to have to determine which purchases are taxable and which are exempt when a debit card issued by the college is being used to purchase meals.

Estimated General Fund revenue loss

FY ’10 $0 - $49,999
FY ’11 $0 - $49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.017 Meals served by certain youth camps.
36 M.R.S.A. § 1760.6-F

Sales of meals served by youth camps licensed by the Department of Health and Human Services and defined in rules adopted by the Department of Health and Human Services as a combination of program and facilities established for the primary purpose of providing an outdoor group living experience with social, recreational, spiritual and educational objectives for children and operated and used for 5 or more consecutive days during one or more seasons of the year, including day camps, residential camps and trip and travel camps.

Reason(s) for exemption

Subsidize the sale of prepared meals at certain youth camps.

Estimated General Fund revenue loss

FY ’10 $250,000 - $999,999
FY ’11 $250,000 - $999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.018 Products used in agricultural and aquacultural production, and bait.
36 M.R.S.A. § 1760.7

Sales of feed, hormones, pesticides, antibiotics and medicine for use in aquacultural production and sales of bait to commercial fishermen are exempt from the sales and use tax.

Sales of seed, fertilizers, defoliants and pesticides, including, but not limited to, rodenticides, insecticides, fungicides and weed killers, for use in the commercial production of an agricultural crop are exempt from the sales and use tax.

Sales of breeding stock, semen, embryos, feed, hormones, antibiotics, medicine, pesticides and litter for use in animal agricultural production are exempt from the sales and use tax. Animal agricultural production includes the raising and keeping of equines.

**Reason(s) for exemption**

Provide funding to the agricultural, aquacultural, and commercial fishing industries through a sales tax exemption.

**Estimated General Fund revenue loss**

FY ‘10 $4,521,960
FY ‘11 $4,664,160

**Method used to calculate the revenue loss**

Sales tax micro simulation model.
2.019 Certain motor fuels.
36 M.R.S.A. § 1760.8-A

Purchases of motor fuels that are subject to the gasoline tax or the special fuel tax are exempt from sales and use tax.

Reason(s) for exemption

Motor fuels are subject to the gasoline tax or the special fuel tax.

Estimated Highway Fund revenue loss

FY ‘10 $142,971,686
FY ‘11 $143,359,594

Method used to calculate the revenue loss

Actual and projected motor fuel tax revenue and estimates of the average prices of motor fuels are used to estimate the revenue loss.
2.020 Certain motor fuels.
36 M.R.S.A. § 1760.8-B

Internal combustion engine fuels bought and used for the purpose of propelling jet or turbojet engine aircraft are exempt from the sales and use tax.

Reason(s) for exemption

This fuel is subject to an excise tax when used for domestic flights.

Estimated General Fund revenue loss

FY ‘10 $2,568,714
FY ‘11 $2,645,775

Method used to calculate the revenue loss

The number of gallons of jet fuel sold, which is reported on motor fuel tax returns, is used to estimate the cost of this exemption.
2.021 Coal, oil, and wood.
36 M.R.S.A. § 1760.9

Coal, oil, wood and all other fuels, except gas and electricity, when bought for cooking and heating in buildings designed and used for both human habitation and sleeping are exempt from tax. Kerosene or home heating oil that is prepackaged or dispensed from a tank for retail sale in containers with a capacity of 5 gallons or less is presumed to be purchased for residential use.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ‘10 $43,807,080
FY ‘11 $44,707,680

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.022 Fuels for burning blueberry lands.
36 M.R.S.A. § 1760.9-A

Sales of all fuels used in burning blueberry fields are exempt from the sales and use tax.

**Reason(s) for exemption**

Provide support for the blueberry industry.

**Estimated General Fund revenue loss**

FY ’10 $0 – 49,999
FY ’11 $0 – 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.023 Residential electricity. 
36 M.R.S.A. § 1760.9-B

Sale and delivery of the first 750 kilowatt hours of residential electricity per month is exempt from the sales and use tax. For purposes of this sub§, “residential electricity” means electricity furnished to buildings designed and used for both human habitation and sleeping, with the exception of hotels. Where residential electricity is furnished through one meter to more than one residential unit and where the transmission and distribution utility applies its tariff on a per unit basis, the furnishing of electricity is considered a separate sale for each unit to which the tariff applies. For purposes of this sub§, “delivery” means transmission and distribution.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ’10 $31,976,040
FY ’11 $32,819,760

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.024 Residential gas.
36 M.R.S.A. § 1760.9-C

Sales of gas when bought for cooking and heating in buildings designed and used for both human habitation and sleeping, with the exception of hotels, are exempt from the sales and use tax.

**Reason(s) for exemption**

Necessity of life

**Estimated General Fund revenue loss**

FY ‘10 $5,308,800  
FY ‘11 $5,706,960

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.025 Fuel and electricity used at a manufacturing facility.

36 M.R.S.A. § 1760.9-D

Ninety-five percent of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt from the sales and use tax. For purposes of this sub§, “sale price” includes, in the case of electricity, any charge for transmission and distribution.

Reason(s) for exemption

Provide an economic development incentive to manufacturers by subsidizing their purchases of fuel and electricity used at manufacturing facilities.

Estimated General Fund revenue loss

FY ‘10 $45,679,337
FY ‘11 $46,592,924

Method used to calculate the revenue loss

Data is collected from sales and use tax returns.
2.026 Fuel oil or coal.
36 M.R.S.A. § 1760.9-G

Fuel oil or coal, the by-products from the burning of which, become an ingredient or component part of tangible personal property for later sale are exempt.

Reason(s) for exemption

Avoid pyramiding of the sales tax.

Estimated General Fund revenue loss

FY ‘10 $0 - $49,999
FY ‘11 $0 - $49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.027 Containers.
36 M.R.S.A. § 1760.12

Sales of returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling are exempt from the sales and use tax.

Reason(s) for exemption

The decision was made not to impose the sales tax on returnable bottle and can deposits.

Estimated General Fund revenue loss

FY ’10 $1,174,725
FY ’11 $1,209,967

Method used to calculate the revenue loss

The estimate is based on sales tax statistics.
2.028 Packaging Materials.
36 M.R.S.A. § 1760.12-A

Sales of containers, boxes, crates, bags, cores, twines, tapes, bindings, wrappings, labels and other packing, packaging and shipping materials are exempt from the sales and use tax when purchased by persons engaged in the business of packing, packaging, shipping and transporting tangible personal property; or when purchased by persons for use in packing, packaging or shipping tangible personal property sold by them or on which they have performed the service of cleaning, pressing, dyeing, washing, repairing, or reconditioning in their regular course of business that are transferred to the possession of the purchaser of that tangible personal property.

This exemption includes materials that are used to insure the delivery of the contents in physically good condition. There is no distinction between non-returnable and returnable packaging materials. The exemption applies to both. In addition the exemption does not apply unless the materials pass into the possession of the customer of the shipper. Packaging items used by a business to store goods are subject to tax.

Reason(s) for exemption

Subsidize the purchase of packaging materials by businesses.

Estimated General Fund revenue loss

FY ’10 $12,134,400
FY ’11 $12,532,560

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.029 Publications.
36 M.R.S.A. § 1760.14

Sales of any publication regularly issued at average intervals not exceeding 3 months are exempt from the sales and use tax. Generally, this exemption applies to newspapers and magazines issued on at least a quarterly basis.

Reason(s) for exemption

Subsidize the purchase of newspapers and magazines.

Estimated General Fund revenue loss

FY ‘10 $4,266,000
FY ‘11 $4,332,360

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.030 Hospitals, research centers, churches and schools.
36 M.R.S.A. §§ 1760.16 and 2557.3

Sales to incorporated hospitals.
Sales to incorporated nonprofit nursing homes licensed by the Department of Health and Human Services.
Sales to incorporated nonprofit residential care facilities.
Sales to incorporated nonprofit assisted housing programs for the elderly licensed by the Department of Health and Human Services.
Sales to incorporated nonprofit home health agencies certified under the United States Social Security Act of 1965, Title XVIII, as amended.
Sales to incorporated nonprofit rural community health centers.
Sales to incorporated nonprofit dental health centers.
Sales to incorporated nonprofit medical clinics whose sole mission is to provide free medical care to the indigent or uninsured.
Sales to incorporated nonprofit organizations organized for the sole purpose of conducting medical research.
Sales to incorporated nonprofit organizations organized for the purpose of establishing and maintaining laboratories for scientific study and investigation in the field of biology or ecology.
Sales to institutions incorporated as nonprofit corporations for the purpose of operating educational television or radio stations.
Sales to schools.
Sales to incorporated nonprofit organizations or their affiliates whose purpose is to provide literacy assistance or free clinical assistance to children with dyslexia.
Sales to regularly organized churches or houses of religious worship.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ’10 $6,000,000 or more
FY ’11 $6,000,000 or more

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
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<td>Assisted housing</td>
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2.031 Certain Institutions.
36 M.R.S.A. § 1760.18

Rental charged for living or sleeping quarters in an institution licensed by the State for the hospitalization or nursing care of human beings.

**Reason(s) for exemption**

Necessity of life

**Estimated General Fund revenue loss**

FY ’10 $250,000 – 999,999
FY ’11 $250,000 – 999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.032 Other institutions.
36 M.R.S.A. §§ 1760.18-A and 2557.4

Sales to incorporate private nonprofit residential child caring institutions, which are licensed by the Department of Health and Human Services as child caring institutions, are exempt from the sales and use tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 – 249,999
FY ‘11 $50,000 – 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

37
2.033 Schools.
36 M.R.S.A. § 1760.19

Rental charged for living quarters, sleeping or housekeeping accommodations to any student necessitated by attendance at a school as defined in subsection 16.

Reason(s) for exemption

Provide financial assistance to students by exempting rental charges for living quarters at schools from the sales tax.

Estimated General Fund revenue loss

FY '10 $3,000,000 – 5,999,999
FY '11 $3,000,000 – 5,999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.034 Continuous residence; refunds and credits.
36 M.R.S.A. § 1760.20

Rental charged to any person who resides continuously for 28 days or more at any one hotel, rooming house, and tourist or trailer camp if:
   A. The person does not maintain a primary residence at some other location; or
   B. The person is residing away from that person’s primary residence in connection with employment or education.

Tax paid during the initial 28-day period must be refunded to the taxpayer. The retailer may take a credit on the sales tax return filed by the retailer covering the month in which the refund was made.

This exemption also covers rental charges for apartments.

Reason(s) for exemption

Living quarters are a necessity of life.

Estimated General Fund revenue loss

FY ‘10 $21,045,600
FY ‘11 $21,273,120

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.035 Automobiles used in driver education programs.  
36 M.R.S.A. § 1760.21

Sales to automobile dealers, registered under § 1754-B, of automobiles for the purpose of equipping the same with dual controls and loaning or leasing the same to public or private secondary schools without consideration or for a consideration of not more than $1 a year, and used exclusively by such schools in driver education programs.

Reason(s) for exemption

Subsidize driver education programs offered by secondary schools.

Estimated General Fund revenue loss

FY ’10 $0 - 49,999  
FY ’11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.036 Certain loaner vehicles.
36 M.R.S.A. § 1760.21-A

The use of a loaner vehicle provided by a new vehicle dealer, as defined in Title 29-A, section 851, subsection 9, to a service customer pursuant to a manufacturer’s or a dealer’s warranty is exempt from tax.

Reason(s) for exemption

Certain motor vehicle dealers are providing the short-term use of loaner vehicles free of charge to certain service customers pursuant to a manufacturer’s or a dealer’s warranty.

Estimated General Fund revenue loss

FY ’10 $207,043
FY ’11 $218,637

Method used to calculate the revenue loss

Review of audit activity.
2.037 Automobiles to amputee veterans.
36 M.R.S.A. § 1760.22

Sales of automobiles to veterans who are granted free registration of such vehicles by the Secretary of State under Title 29-A, § 523, sub§ 1 are exempt from sales tax. Certificates of exemption or refunds of taxes paid must be granted under such rules or regulations as the State Tax Assessor may prescribe.

Reason(s) for exemption

Subsidize the purchase of automobiles by amputee veterans.

Estimated General Fund revenue loss

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.038 Certain vehicles purchased or leased by nonresidents.
36 M.R.S.A. § 1760.23-C

Sales or leases of the following vehicles to a person that is not a resident of this State, if the vehicle is intended to be driven or transported outside the State immediately upon delivery:

A. Motor vehicles, except automobiles rented for a period of less than one year; and all-terrain vehicles and snowmobiles as defined in Title 12, § 13001;
B. Semitrailers;
C. Aircraft; and
D. Camper trailers, including truck campers.

If the vehicles are registered for use in the State within 12 months of the date of purchase, the person seeking registration is liable for use tax on the basis of the original purchase price.

**Reason(s) for exemption**

The vehicles are being purchased or leased by nonresidents.

**Estimated General Fund revenue loss**

FY ’10 $250,000 – 999,999
FY ’11 $250,000 – 999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.039 Certain vehicles purchased or leased by qualifying resident businesses.
36 M.R.S.A. § 1760.23-D

The sale or lease of a motor vehicle, except an automobile rental for a period of less than one year or an all-terrain vehicle or snowmobile as defined in Title 12, § 13001, to a qualifying resident business if the vehicle is intended to be driven or transported outside the State immediately upon delivery and intended to be used exclusively in the qualifying resident business’s out-of-state business activities.

**Reason(s) for exemption**

The vehicles are being purchased or leased by qualifying resident businesses for use outside of this State.

**Estimated General Fund revenue loss**

FY ‘10 $776,412
FY ‘11 $819,891

**Method used to calculate the revenue loss**

Review of audit activity.
2.040 Funeral Services.
36 M.R.S.A. § 1760.24

“Sales of funeral services” are considered to mean sales of tangible personal property by a funeral director insofar as such sales are a necessary part of the preparation of a human body for burial, or a necessary part of the ceremony conducted by the funeral director prior to or in connection with the burial of a human body. Sales by funeral directors of caskets, vaults, boxes, clothing, crematory urns, or other similar items generally referred to as “funeral furnishings”, are exempt from tax. Items sold as an accommodation rather than as an integral part of the funeral service (or preparation therefore), such as sale of flowers, or items of a similar character, are taxable.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ‘10 $3,621,360
FY ‘11 $3,725,640

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.041 Watercraft sold to nonresidents.

36 M.R.S.A. § 1760.25

Sales of watercraft in this State to a person that is not a resident of this State, when such
craft is either delivered outside the State or delivered in the State to be sailed or
transported outside the State immediately upon delivery by the seller; sales to a person
that is not a resident of this State, under contracts for the construction of any such
watercraft to be so delivered, of materials to be incorporated in the watercraft; and sales
to a person that is not a resident of this State for the repair, alteration, refitting,
reconstruction, overhaul or restoration of any such watercraft to be so delivered, of
materials to be incorporated in the watercraft. Unless the watercraft is present in the
State, for a purpose other than temporary storage, for more than 30 days during the 12-
month period following its date of purchase or is registered in Maine without also being
registered in another state or documented with a location in this State, within 12 months
of the date of purchase, the purchaser is exempt from the use tax.

Reason(s) for exemption

The watercraft are being purchased by nonresidents.

Estimated General Fund revenue loss

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is
available.
2.042 All-terrain vehicles.
36 M.R.S.A. § 1760.25-A

Sales of all-terrain vehicles, as defined in Title 12, § 13001, purchased by an individual who is not a resident of this State are exempt from sales and use tax.

Reason(s) for exemption

The all-terrain vehicles are being purchased by nonresidents.

Estimated General Fund revenue loss

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.043 Snowmobiles.  
36 M.R.S.A. § 1760.25-B

Sales of snowmobiles, as defined in Title 12, § 13001, sub§ 25, purchased by an individual who is not a resident of this State are exempt from sales and use tax.

Reason(s) for exemption

The snowmobile is being purchased by a nonresident.

Estimated General Fund revenue loss

FY ’10 $50,000 - 249,999  
FY ’11 $50,000 - 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.044 Nonprofit fire departments and nonprofit ambulance services.
36 M.R.S.A. §§ 1760.26 and 2557.5

Sales to incorporated nonprofit fire departments, sales to incorporate nonprofit ambulance services, sales to air ambulance services that are limited liability companies all of whose members are nonprofit organizations and sales of tangible personal property leased to air ambulance services that are limited liability companies all of whose members are nonprofit organizations are exempt from sales and use tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $250,000 - 999,999
FY ‘11 $250,000 - 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

Nonprofit fire departments 63
Nonprofit ambulance services 35
2.045 Community mental health facilities, community mental retardation facilities and community substance abuse facilities.

36 M.R.S.A. §§ 1760.28 and 2557.6

Sales to the following mental health facilities, mental retardation facilities or substance abuse facilities are exempt from the sales and use tax:
Contractors under or receiving support under the Federal Community Mental Health Centers Act, or its successors; or
Receiving support from the Department of Behavioral and Developmental Services pursuant to Title 5, § 20005 or Title 34-B, § 3604, 5433 or 6204.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

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<td>Mental retardation facilities</td>
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2.046 Water pollution control facilities.  
36 M.R.S.A. § 1760.29

Sales of water pollution control facilities, certified as such by the Commissioner of Environmental Protection, and sales of parts or accessories of a certified facility, materials for the construction, repair or maintenance of a certified facility and chemicals or supplies that are integral to the effectiveness of a certified facility.

Reason(s) for exemption

Subsidize the installation of pollution control facilities.

Estimated General Fund revenue loss

FY ‘10 $250,000 – 999,999  
FY ‘11 $250,000 – 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.047 Air pollution control facilities.

36 M.R.S.A. § 1760.30

Sales of air pollution control facilities, certified as such by the Commissioner of Environmental Protection, and sales of parts or accessories of a certified facility, materials for the construction, repair or maintenance of a certified facility and chemicals or supplies that are integral to the effectiveness of a certified facility.

**Reason(s) for exemption**

Subsidize the installation of pollution control facilities.

**Estimated General Fund revenue loss**

FY ’10 $250,000 – 999,999
FY ’11 $250,000 – 999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.048 Machinery and equipment.
36 M.R.S.A. § 1760.31

Sales of machinery and equipment:

For use by the purchaser directly and primarily in the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or in the production of tangible personal property pursuant to a contract with the United States Government or any agency thereof, or, in the case of sales occurring after June 30, 2007, in the generation of radio and television broadcast signals by broadcast stations regulated under 47 Code of Federal Regulations, Part 73. This exemption applies even if the purchaser sells the machinery or equipment and leases it back in a sale and leaseback transaction. This exemption also applies whether the purchaser agrees before or after the purchase of the machinery or equipment to enter into the sale and leaseback transaction and whether the purchaser’s use of the machinery or equipment in production commences before or after the sale and leaseback transaction occurs; and
To a bank, leasing company or other person as part of a sale and leaseback transaction, by a person that uses the machinery or equipment as described in paragraph A, whether the original purchaser’s use of the machinery or equipment in production commences before or after the sale and leaseback transaction occurs.

Reason(s) for exemption

Provide an economic development incentive to manufacturers by subsidizing their purchases of machinery and equipment used at manufacturing facilities.

Estimated General Fund revenue loss

FY ‘10 $25,814,040
FY ‘11 $26,506,080

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.049 Machinery and equipment for research.
36 M.R.S.A. § 1760.32

Sales of machinery and equipment for use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense and sales of machinery, equipment, instruments and supplies for use by the purchaser directly and primarily in biotechnology applications, including the application of technologies such as recombinant DNA techniques, biochemistry, molecular and cellular biology, immunology, genetics and genetic engineering, biological cell fusion techniques and new bioprocesses using living organisms or parts of organisms to produce or modify products, improve plants or animals, develop microorganisms for specific uses, identify targets for small-molecule pharmaceutical development, transform biological systems and useful processes and products or to develop microorganisms for specific uses. Equipment and supplies used for biotechnology include but are not limited to microscopes, diagnostic testing materials, glasswares, chemical reagents, computer software and technical books and manuals. “Research and development” includes testing and evaluation for the purposes of approval and compliance with regulatory standards for biotechnological products or materials. “Research and development” does not include the ordinary testing or inspecting of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions, or research in connection with literary, historical or similar projects.

**Reason(s) for exemption**

Provide an economic development incentive by subsidizing the purchase of these goods.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.050 Diabetic supplies.
36 M.R.S.A. § 1760.33

Diabetic supplies includes all equipment and supplies, whether medical or otherwise, used in the diagnosis or treatment of diabetes. Sales of insulin, antidiabetic drugs, testing supplies such as Clinitest, Clinistix and Tes-Tape, and other items used only in the treatment of diabetes are exempt from tax. Sales of hypodermic syringes and needles to diabetic patients are exempt. Sales of items that are not used only in the diagnosis or treatment of diabetes, and which are not prescription medicines, should be regarded as taxable unless the purchaser has provided evidence such as a statement from a doctor that the patient has been diagnosed as diabetic, and unless the purchaser states that the items being purchased are to be used in the treatment of his or her diabetes.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY ‘10 $986,178
FY ‘11 $1,015,763

Method used to calculate the revenue loss

The estimate is based on sales tax statistics.
2.051 Coin-operated vending machines.
36 M.R.S.A. § 1760.34

Sales of products for internal human consumption when sold through coin-operated vending machines by a person more than 50% of whose gross receipts from the retail sale of tangible personal property are derived from sales through vending machines. The status of products sold through vending machines depends upon the product being sold and the type of business activity of the retailer. “Coin-operated vending machines” do not include “snack boxes” that require purchasers to be on their honor in paying for the selected items.

This exemption only applies to products for internal human consumption by a person who primarily is a vending company. Although the exemption exists for the sale, the items are subject to tax based on the seller’s cost. “Products for internal human consumption” means: “edible products sold for human nutrition or refreshment and containers or instruments provided simultaneously for the consumption of these products. It does not include spirituous, malt or vinous liquors, medicines, tonics, vitamins, dietary supplements or cigarettes”. See 36 M.R.S.A. § 1752, sub§ 5-A.

Items that come within the scope of this definition are sandwiches, chips, ice cream, candy, soft drinks and other food items. Also included within this definition are the paper plates, cups, utensils and packaging materials for these items. Chewing gum is not for “internal human consumption”.

Items, other than those mentioned above, when sold through vending machines are retail sales and subject to tax on the selling price. Examples of such items are cigarettes, toys, gum, health and beauty aids and other goods not for “internal human consumption”. The retailer would purchase these items free of tax by presenting the supplier with a resale certificate.

When more than 50% of a retailer’s retail sales are through coin-operated vending machines, vending machine sales of products for internal human consumption are not taxed on the selling price. The products are taxed at the retailer’s cost. The Law allows the purchase of these items free of tax for resale if the supplier is provided a resale certificate. Purchases are then reported as “taxable purchases” on the retailer’s sales tax return. This exemption applies only to items for internal human consumption. Other items sold through vending machines are taxed on their selling price.

When 50% or less of a retailer’s retail sales are through coin-operated vending machines, the retailer does not qualify for this exemption. Such a retailer must report all vending machine sales based on the selling price.

Reason(s) for exemption

Lower the administrative burden on vending machine companies.
Estimated General Fund revenue loss

FY ‘10 $638,629
FY ‘11 $651,401

Method used to calculate the revenue loss

The estimate is based on sales tax statistics.
2.052 Seeing Eye dogs.

36 M.R.S.A. § 1760.35

Sales of tangible personal property and taxable services essential for the care and maintenance of Seeing Eye dogs used to aid any blind person are exempt from the sales and use tax.

**Reason(s) for exemption**

Necessity of life

**Estimated General Fund revenue loss**

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.053 Regional planning commissions and councils of government.
36 M.R.S.A. §§ 1760.37 and 2557.7

Sales to regional planning commissions and councils of government, which are established in accordance with Title 30-A are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

None
2.054 Residential water.
36 M.R.S.A. § 1760.39

Sales of water purchased for use in buildings designed and used for both human habitation and sleeping, with the exception of hotels, are exempt from tax. Sales of water for all commercial uses are taxable. The sale of bottled water delivered by the seller is governed by whom the purchaser is.

This exemption does not apply to sales of bottled water in retail stores, such as grocery stores, convenience stores, department stores and the like. These sales are taxable since they are governed by the definition of “grocery staple”, which specifically excludes water.

**Reason(s) for exemption**

Necessity of life

**Estimated General Fund revenue loss**

FY ‘10 $8,223,900
FY ‘11 $8,228,640

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.055 Manufactured housing.
36 M.R.S.A. § 1760.40

Sales of manufactured housing includes:

Used manufactured housing; and
New manufactured housing to the extent of all costs, other than materials, included in the sale price, but the exemption may not exceed 50% of the sale price.

When a new manufactured house is sold, the sales tax applies to either the portion of the sale price that represents the cost of materials or 50% of the sale price, whichever is greater. No sales or use tax applies to sales of manufactured housing that has been permanently incorporated into real property by the seller, although the seller would be subject to a tax on its purchase of the home. Sales of used manufactured houses are exempt.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY '10 $7,276,183
FY '11 $7,385,325

Method used to calculate the revenue loss

Estimated based on information from sales tax returns.
2.056 **Certain instrumentalities of interstate or foreign commerce.**

36 M.R.S.A. § 1760.41

The sale of a vehicle, railroad rolling stock, aircraft or watercraft that is placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after that sale and that is used by the purchaser not less than 80% of the time for the next 2 years as an instrumentality of interstate or foreign commerce. The State Tax Assessor may for good cause extend for not more than 60 days the time for placing the instrumentality in use in interstate or foreign commerce. For purposes of this sub§, property is “placed in use as an instrumentality of interstate or foreign commerce” by its carrying of, or providing the motive power for the carrying of, a bona fide payload in interstate or foreign commerce, or by being dispatched to a specific location at which it will be loaded upon arrival with, or will be used as motive power for the carrying of, a payload in interstate or foreign commerce. For purposes of this sub§, “bona fide payload” means a cargo of persons or property transported by a contract or common carrier for compensation that exceeds the direct cost of carrying that cargo or pursuant to a legal obligation to provide service as a public utility or a cargo of property transported in the reasonable conduct of the purchaser’s own nontransportation business in interstate commerce.

In order to qualify for this exemption the vehicle must be placed in use by the purchaser, used within 30 days of purchase in interstate or foreign commerce and used in interstate or foreign commerce more than 80% of the time within the next 2 years after purchase.

A vehicle that is leased and used in interstate or foreign commerce is considered to be used by the lessee, not the purchaser, as an instrumentality of interstate or foreign commerce. Consequently, leased vehicles, including leased vehicles that are operated by the lessor, do not qualify for this exemption.

Use of a vehicle in intrastate and local operations is not use as an instrumentality of interstate or foreign commerce. Vehicles are considered to be used in intrastate or local operations when they are carrying cargo that both originates and terminates within the State of Maine.

This exemption applies only to vehicles, railroad rolling stock, aircraft and watercraft. Repair parts, operating supplies and accessories are not exempt. Accessories purchased as part of a vehicle are exempt from Maine sales or use tax if the vehicle qualifies for exemption. Accessories purchased separately from the vehicle are taxable.
Reason(s) for exemption

Interstate commerce

Estimated General Fund revenue loss

FY ‘10 $1,000,000 – 2,999,999
FY ‘11 $1,000,000 – 2,999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.057 Historical societies, museums and certain memorial foundations.
36 M.R.S.A. §§ 1760.42 and 2557.8

Sales to incorporated nonprofit memorial foundations that primarily provide cultural programs free to the public, historical societies and museums are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY '10 $50,000 – 249,999  
FY '11 $50,000 – 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

344
2.058 Nursery schools and day-care centers. 
36 M.R.S.A. §§ 1760.43 and 2557.9

Sales to licensed incorporated nonprofit nursery schools and day-care centers are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ’10 $50,000 - 249,999
FY ’11 $50,000 - 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

198
2.059 Certain church affiliated residential homes.  
*36 M.R.S.A. §§ 1760.44 and 2557.10*

Sales to any church affiliated nonprofit organization, which operates, under a charter granted by the Legislature, a residential home for adults.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $0 - 49,999  
FY ‘11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

4
2.060 Certain property purchased outside the State.
36 M.R.S.A. § 1760.45

Sales of property purchased and used by the present owner outside the State are exempt from tax:

A. If the property is an automobile, as defined in Title 29-A, § 101, sub§ 7 and if the owner is an individual who was, at the time of purchase, a resident of the other state and either employed or registered to vote there;

B. If the property is a watercraft that is registered outside the State by an owner who is an individual who was a resident of another state at the time of purchase and the watercraft is present in the State not more than 30 days during the 12 months following its purchase for a purpose other than temporary storage.

C. If the property is a snowmobile or all-terrain vehicle as defined in Title 12, § 13001 and the purchaser is an individual who is not a resident of the State.

D. If the property is an aircraft not exempted under sub§ 88 and the owner at the time of purchase was a resident of another state or tax jurisdiction and the aircraft is present in this State not more than 20 days during the 12 months following its purchase, exclusive of days during which the aircraft is in this State for the purpose of undergoing “major alterations”, “major repairs” or “preventive maintenance” as those terms are described in 14 Code of Federal Regulations, Appendix A to Part 43, as in effect on January 1, 2005. The location of an aircraft on the ground in the State at any time during a day is considered presence in the State for that entire day. A day must be disregarded if at any time during that day the aircraft is used to provide free emergency or compassionate air transportation arranged by an incorporated nonprofit organization providing free air transportation in private aircraft by volunteer pilots so children and adults may access life-saving medical care.

E. For more than 12 months in all other cases.

Property, other than automobiles, watercraft, snowmobiles, all-terrain vehicles and aircraft, that is required to be registered for use in this State does not qualify for this exemption unless it was registered by its present owner outside this State more than 12 months prior to its registration in this State. If property required to be registered for use in this State was not required to be registered for use outside this State, the owner must be able to document actual use of the property outside this State for more than 12 months prior to its registration in this State. For purposes of this sub§ “use” does not include storage but means actual use of the property for a purpose consistent with its design.
**Reason(s) for exemption**

Exempt property that was purchased and used out-of-state before it was brought into this State.

**Estimated General Fund revenue loss**

FY ’10 $1,000,000 - 2,999,999
FY ’11 $1,000,000 – 2,999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.061 Residential facilities for medical patients and their families.
36 M.R.S.A. §§ 1760.46 and 2557.11

Sales to incorporated nonprofit organizations providing temporary residential accommodations to pediatric patients suffering from critical illness or disease, such as cancer, or who are accident victims, and adult patients with cancer, or the families of the patients.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

3
2.062 Emergency shelter and feeding organizations.
36 M.R.S.A. §§ 1760.47-A and 2557.12

Beginning October 1, 1996, sales to incorporated nonprofit organizations that provide free temporary emergency shelter or food for underprivileged individuals in this State are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

80
2.063 Child abuse and neglect councils; child advocacy organizations; community action agencies.
36 M.R.S.A. §§ 1760.49 and 2557.13

Except for the sale, storage or use for activities that are mainly commercial enterprises, sales to the following organizations are exempt from tax:

Incorporated nonprofit child abuse and neglect councils as defined in Title 22, § 3872, sub§ 1-A;
Statewide organizations that advocate for children and that are members of the Medicaid Advisory Committee;
Community action agencies designated in accordance with Title 22, § 5324.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $250,000 - 999,999
FY ‘11 $250,000 - 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

<table>
<thead>
<tr>
<th>Organization</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child abuse and neglect councils</td>
<td>10</td>
</tr>
<tr>
<td>Community action agencies</td>
<td>11</td>
</tr>
<tr>
<td>Medicaid advisory</td>
<td>2</td>
</tr>
</tbody>
</table>
2.064 Certain libraries.
36 M.R.S.A. §§ 1760.50 and 2557.14

Sales to any nonprofit free public lending library, which is funded in part or wholly by the State, any political subdivision of the State or the federal government is exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

267
2.065 Veterans’ Memorial Cemetery Associations.
36 M.R.S.A. §§ 1760.51 and 2557.15

Sales to incorporated nonprofit Veterans’ Memorial Cemetery Associations are exempt from tax.

Reason(s) for exemption
Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss
FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss
The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file
3
2.066 Railroad track materials.

36 M.R.S.A. § 1760.52.

Railroad track materials purchased and installed on railroad lines located within the boundaries of the State are exempt from tax. The track materials shall include rail, ties, ballast, joint bars and associated materials, such as bolts, nuts, tie plates, spikes, culverts, steel, concrete or stone, switch stands, switch points, frogs, switch ties, bridge ties and bridge steel.

In order for a taxpayer to qualify for an exemption under this sub§, the taxpayer may not require any landowner to pay any fee or charge for maintenance or repair or to assume liability for crossings or rights-of-way if the landowner was not required to do so prior to July 1, 1981, and the taxpayer must continue to maintain crossings and rights-of-way which it was required to maintain on that date and may not remove the crossings if there is any objection to their being removed.

**Reason(s) for exemption**

Subsidizes the purchase of track materials.

**Estimated General Fund revenue loss**

FY ‘10 $218,040  
FY ‘11 $227,520

**Method used to calculate the revenue loss**

Estimated based on information from sales tax returns.
2.067 Nonprofit volunteer search and rescue organizations.

36 M.R.S.A. §§ 1760.53 and 2557.16

Sales to incorporated nonprofit volunteer search and rescue organizations are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY '10 $0 - 49,999
FY '11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

14
2.068 Incorporated nonprofit hospice organizations.
36 M.R.S.A. §§ 1760.55 and 2557.17

Sales to incorporated nonprofit hospice organizations, which provide a program of care for the physical and emotional needs of terminally ill patients, are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

27
2.069 Nonprofit youth organizations.
36 M.R.S.A. §§ 1760.56 and 2557.18

Sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting, or to councils and local units of incorporated nonprofit national scouting organizations.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $250,000 – 999,999
FY ‘11 $250,000 – 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

Athletic youth organizations  230
National scouting organizations  17
2.070 Self-help literature on alcoholism.

36 M.R.S.A. § 1760.57

Sales of self-help literature relating to alcoholism to alcoholics anonymous groups are exempt from tax.

Reason(s) for exemption

Subsidize the sale of this literature by alcoholics anonymous groups through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.071 Portable classrooms.
36 M.R.S.A. § 1760.58

Sales of tangible personal property to be physically incorporated in and become a part of portable classrooms for lease to schools entitled to exemption under sub§ 16 are exempt from tax. If the portable classrooms are used for an otherwise taxable use within 2 years from the date of the first use, the lessor shall become liable for the use tax based on the original sale price.

Reason(s) for exemption

Subsidize the cost of portable classrooms that are to be leased to schools.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.072 Sales to certain incorporated nonprofit educational organizations.
36 M.R.S.A. § 1760.59 and 2557.19

Sales to incorporated nonprofit educational organizations which are receiving, or have received, funding from the Department of Education, and which provide educational programs specifically designed for teaching young people how to make decisions about drugs, alcohol and interpersonal relationships at a residential camp setting are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

1
2.073 Sales to incorporated nonprofit animal shelters.  
36 M.R.S.A. § 1760.60

Sales to incorporated nonprofit animal shelters of tangible personal property used in the operation and maintenance of those shelters or in the maintenance and care of any animal, including wildlife, housed in those shelters are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ’10 $0 - 49,999  
FY ’11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

55
2.074 Construction contracts with exempt organizations.
36 M.R.S.A. §§ 1760.61 and 2557.31

Sales of tangible personal property, to a construction contractor, that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this § (36 M.R.S.A. § 1760), except as otherwise provided are exempt from tax.

This exemption only applies to property that will become physically attached to the realty of the exempt organization. It does not apply to supplies used by the contractor nor to any machinery or equipment purchased by the contractor, even though the equipment is being purchased specifically for the exempt job. For purposes of this exemption, contractors also include sub-contractors. If a contractor has an inventory of property on which tax has been paid and subsequently uses the property on an exempt job, the contractor would be eligible for refund provided the property meets the requirements stated above.

Sales to a construction contractor or its subcontractor of fabrication services that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this § (36 M.R.S.A. § 2557), except as otherwise provided are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY '10 $1,000,000 - 2,999,999
FY '11 $1,000,000 - 2,999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.075 Charitable suppliers of medical equipment.
36 M.R.S.A. §§ 1760.62 and 2557.20

Sales to local branches of incorporated international nonprofit charitable organizations, which provide, on a loan basis and free of charge, medical supplies and equipment to persons, are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999  
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

None
2.076 Organizations fulfilling the wishes of children with life-threatening diseases.
36 M.R.S.A. §§ 1760.63 and 2557.21

Sales to incorporated nonprofit organizations whose sole purpose is to fulfill the wishes of children with life-threatening diseases, when their family or guardian is unable to otherwise financially fulfill those wishes, are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $0 - 49,999  
FY ‘11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

8
2.077 Schools and school-sponsored organizations.
36 M.R.S.A. § 1760.64

Sales of tangible personal property and taxable services by public and private elementary and secondary schools that otherwise qualify as schools under sub§ 16, and by student organizations sponsored by those schools, including booster clubs and student or parent-teacher organizations, as long as the profits from such sales are used to benefit those schools or student organizations or are used for a charitable purpose are exempt from tax.

Public and private elementary and secondary schools making sales of candy bars, calendars, yearbooks, clothing, etc. are exempt from charging tax on such sales, provided the profits are used to benefit the school or student organization or are used for a charitable purpose.

**Reason(s) for exemption**

Provide support for schools and school-sponsored organizations when they are making sales to raise money to benefit the school, student organizations or charity.

**Estimated General Fund revenue loss**

FY ‘10 $250,000 – 999,999
FY ‘11 $250,000 – 999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.078 Monasteries and convents.
36 M.R.S.A. § 1760.65

Sales of tangible personal property to incorporated nonprofit monasteries and convents for use in their operation and maintenance are exempt from tax. For the purpose of this sub§, “monasteries” and “convents” means the dwelling places of communities of religious persons.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

49
2.079 Incorporated nonprofit providers of certain support systems for single-parent families.
36 M.R.S.A. § 1760.66 and 2557.22

Sales to incorporated nonprofit organizations engaged primarily in providing support systems for single-parent families for the development of psychological and economic self-sufficiency are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

13
2.080 Nonprofit home construction organizations. 
*36 M.R.S.A. § 1760.67 and 2557.23*

Sales to local branches of incorporated, nonprofit organizations whose purpose is to construct low-cost housing for low-income people are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ’10 $50,000 - 249,999  
FY ’11 $50,000 - 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

22
2.081 Vietnam veteran registries.
36 M.R.S.A. § 1760.69 and 2557.24

Sales to incorporated, nonprofit organizations whose sole purpose is to create, maintain and update a registry of Vietnam veterans are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ’10 $0 - 49,999  
FY ’11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

None
2.082 Organizations providing certain services for hearing-impaired persons.
36 M.R.S.A. § 1760.70 and 2557.25

Sales to incorporated, nonprofit organizations whose primary purposes are to promote public understanding of hearing impairment and to assist hearing-impaired persons through the dissemination of information about hearing impairment to the general public and referral to and coordination of community resources available to hearing-impaired persons are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY '10 $0 - 49,999
FY '11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

6
2.083 State-chartered credit unions.
36 M.R.S.A. § 1760.71 and 2557.26

Sales to credit unions that are organized under the laws of this State are exempt from tax. This sub§ shall remain in effect only for the time that federally chartered credit unions are, by reason of federal law, exempt from payment of state sales tax.

Reason(s) for exemption

Provide state charted credit unions with the same sales tax exemption that federally chartered credit union have by federal law.

Estimated General Fund revenue loss

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

State charted credit unions - 13
Federal charted credit unions exempt by Federal law - 91
2.084 Nonprofit housing development organizations.
36 M.R.S.A. §§ 1760.72 and 2557.27

Sales to nonprofit organizations whose primary purpose is to develop housing for low-income people are exempt from tax.

Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ’10 $50,000 - 249,999
FY ’11 $50,000 - 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

112
2.085 Seedlings for commercial forestry use.

36 M.R.S.A. § 1760.73

Sales of tree seedlings for use in commercial forestry are exempt from tax.

**Reason(s) for exemption**

Subsidize the purchase of tree seedlings to be used in commercial forestry.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 – 249,999  
FY ‘11 $50,000 – 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.086 Property used in production.
36 M.R.S.A. § 1760.74

Sales of tangible personal property that becomes an ingredient or component part of tangible personal property produced for later sale or lease, other than lease for use in this State, or that becomes an ingredient or component part of tangible personal property produced pursuant to a contract with the Federal Government or any agency of the Federal Government are exempt from tax.

Tangible personal property, other than fuel or electricity, that is consumed or destroyed or loses its identity directly and primarily in the production of tangible personal property for later sale or lease, other than lease for use in this State, or that is consumed or destroyed or loses its identity directly and primarily in the production of tangible personal property produced pursuant to a contract with the Federal Government or any agency of the Federal Government is exempt from tax.

Tangible personal property is “consumed or destroyed” or “loses its identity” in production if it has a normal physical life expectancy of less than one year as a usable item in the use to which it is applied.

Reason(s) for exemption

Avoid pyramiding of the sales and use tax.

Estimated General Fund revenue loss

FY ’10 $136,464,600
FY ’11 $140,313,480

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.087 Certain meals and lodging.
36 M.R.S.A. § 1760.75

Meals or lodging provided to employees at their place of employment when the value of those meals or that lodging is allowed as a credit toward the wages of those employees are exempt from tax.

Reason(s) for exemption

The value of the meals or lodging is allowed as a credit toward the wages of the employees.

Estimated General Fund revenue loss

FY ‘10 $146,940
FY ‘11 $147,888

Method used to calculate the revenue loss

Sales tax micro-simulation model and sales tax statistics.
2.088 Aircraft parts.
36 M.R.S.A. § 1760.76

The sale or use in this State of replacement or repair parts of an aircraft used by a scheduled airline in the performance of service under 49 United States Code, Subtitle VII and Federal Aviation Administration regulations are exempt from tax.

Reason(s) for exemption

Economic development

Estimated General Fund revenue loss

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.089 Eye banks.  
36 M.R.S.A. §§ 1760.77 and 2557.28

Sales to nonprofit organizations whose primary purpose is to obtain, medically evaluate and distribute eyes for use in corneal transplantation, research and education are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $0 - 49,999  
FY ‘11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

**Number of exempt organizations on file**

1
2.90 Farm animal bedding and hay.
36 M.R.S.A. § 1760.78

Sales of organic bedding materials for farm animals and hay are exempt from tax.

Reason(s) for exemption

Provide support to farmers by subsidizing the purchase of these items.

Estimated General Fund revenue loss

FY ‘10 $0 – 49,999
FY ‘11 $0 – 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.091 Electricity used for net billing.
36 M.R.S.A. § 1760.80

Sale or delivery of kilowatt hours of electricity to net energy billing customers as defined by the Public Utilities Commission for which no money is paid to the electricity provider or to the transmission and distribution utility are exempt from tax.

Reason(s) for exemption

No money is paid to the electricity provider or to the transmission and distribution utility.

Estimated General Fund revenue loss

FY ’10 $0 – 49,999
FY ’11 $0 – 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.092 Animal waste storage facility.
36 M.R.S.A. § 1760.81

Any materials for the construction, repair or maintenance of an animal waste storage facility are exempt from tax. For the purposes of this §, “animal waste storage facility” means a structure or pit constructed and used solely for storing manure, animal bedding waste or other wastes generated by animal production. For a facility to be eligible for this exemption, the Commissioner of Agriculture, Food and Rural Resources must certify that a nutrient management plan has been prepared in accordance with Title 7, § 4204 for the farm utilizing that animal waste storage facility.

Reason(s) for exemption

Subsidize the construction of these facilities through an exemption from the sales tax.

Estimated General Fund revenue loss

FY ’10 $0 – 49,999
FY ’11 $0 – 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.093 Sales of property delivered outside this State.

36 M.R.S.A. § 1760.82

Sales of tangible personal property when the seller delivers the property to a location outside this State or to the United States Postal Service, a common carrier or a contract carrier hired by the seller for delivery to a location outside this State, regardless of whether the property is purchased F.O.B. shipping point or other point in this State and regardless of whether passage of title occurs in this State are exempt from tax.

Reason(s) for exemption

The goods are being shipped to a location outside of this State.

Estimated General Fund revenue loss

FY ’10 $6,000,000 or more
FY ’11 $6,000,000 or more

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.094 Sales of certain printed materials.
36 M.R.S.A. § 1760.83

Sales of advertising or promotional materials printed on paper and purchased for the purpose of subsequently transporting such materials outside the State for use by the purchaser thereafter solely outside the State.

If a retailer purchases printed advertising or promotional materials, like flyers, pamphlets or brochures, for the purpose of mailing them directly out-of-state or for inclusion as “stuffers” in goods being delivered out-of-state, the purchase is exempt from tax.

Reason(s) for exemption

The advertising or promotional materials are being transported outside of this State for use by the purchaser solely outside of this State.

Estimated General Fund revenue loss

FY ‘10 $250,000 – 999,999
FY ‘11 $250,000 – 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.095 Centers for innovation.  
*36 M.R.S.A. §§ 1760.84 and 2557.29*

Sales to centers for innovation as described in Title 5, § 13141 are exempt from tax.

**Reason(s) for exemption**

Provide funding to these organizations through an exemption from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $0 – 49,999  
FY ‘11 $0 – 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.096 Certain sales by auxiliary organizations of the American Legion.
36 M.R.S.A. § 1760.85

Sales of meals and related items and services by a nonprofit auxiliary organization of the American Legion in connection with a fund-raising event sponsored by the auxiliary organization are exempt from tax if the meals and related items and services are provided in a room that is separate from the lounge facilities, if any, of the American Legion and patrons are prohibited from taking alcoholic beverages from the lounge facilities to the separate room where the meals and related items and services are provided.

**Reason(s) for exemption**

Provide support to these organizations by subsidizing their sales of meals and related items and services by exempting them from the sales tax.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 – 249,999  
FY ‘11 $50,000 – 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.097 Pine Tree Development Zone businesses; reimbursement of certain taxes.
36 M.R.S.A. § 2016

A reimbursement of sales and use tax is allowed with respect to the sale or use of tangible personal property that is to be physically incorporated in and becomes a permanent part of real property that is owned by or sold to a qualified Pine Tree Development Zone business and is used directly and primarily by that business in one or more qualified business activities.

Reason(s) for exemption

Encourage economic development in certain regions of the State.

Estimated General Fund revenue loss

FY ‘10 $250,000 – 999,999
FY ‘11 $250,000 – 999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.098 Sales of tangible personal property to qualified development zone businesses.

36 M.R.S.A. § 1760.87

Beginning July 1, 2005, sales of tangible personal property to a qualified Pine Tree Development Zone business, as defined in Title 30-A, § 5246, sub§ 17, for use directly and primarily in one or more qualified business activities, as defined in Title 30-A, § 5246, sub§ 16. This exemption is limited for each qualified Pine Tree Development Zone business to sales occurring within a period of 10 years from the date the business is certified pursuant to Title 30-A, § 5250-B or until December 31, 2018, whichever occurs first.

Reason(s) for exemption

Encourage economic development in certain regions of the State.

Estimated General Fund revenue loss

FY ‘10 $50,000 – 249,999
FY ‘11 $50,000 – 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.099 Sales or leases of certain aircraft.
36 M.R.S.A. § 1760.88

Sales or leases of aircraft that weigh over 6,000 pounds, that are propelled by one or more turbine engines or that are in use by a Federal Aviation Administration classified 135 operator.

Reason(s) for exemption

Most of these aircraft are in this State for short periods of time.

Estimated General Fund revenue loss

FY ‘10 $772,278
FY ‘11 $798,535

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.100 Sales of tangible personal property to qualified community wind power generators.

36 M.R.S.A. § 1760.89

Beginning October 1, 2006, sales of tangible personal property to a qualified community wind power generator, as defined in § 5219-AA, for use directly and primarily in the generation of electricity by that community wind power generator. The exemption is limited to sales occurring on or before December 31, 2011. § 5219-AA defines a community wind power generator as an electricity-generating facility at any one site with an instantaneous generating nameplate capacity of not more than 10 megawatts that is powered entirely by wind energy.

**Reason(s) for exemption**

Subsidize the generation of electricity by community wind power generators.

**Estimated General Fund revenue loss**

FY ‘10 $47,400  
FY ‘11 $47,400

**Method used to calculate the revenue loss**

Estimate of the number of entities that could use the exemption and their purchases of tangible personal property that would be exempt.
2.101 Sales of qualified snowmobile trail grooming equipment.

36 M.R.S.A. § 1760.90

Sales to incorporated nonprofit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for the grooming of snowmobile trails is exempt from sales and use tax.

**Reason(s) for exemption**

Subsidize the repair and maintenance of snowmobile trails.

**Estimated General Fund revenue loss**

FY ’10 $68,590
FY ’11 $72,019

**Method used to calculate the revenue loss**

Estimate of the number of entities that could use the exemption and their purchases of tangible personal property that would be exempt.
2.102 Certain sales of electrical energy.  
36 M.R.S.A. § 1760.91

Sales or use of electrical energy, or water stored for the purpose of generating electricity, when the sale is to or by a wholly owned subsidiary by or to its parent corporation, except for electrical energy or water purchased for resale to or by the wholly owned subsidiary.

**Reason(s) for exemption**

The transactions are between a parent corporation and its wholly owned subsidiary.

**Estimated General Fund revenue loss**

FY ‘10 $250,000 – 999,999  
FY ‘11 $250,000 – 999,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.103 Trade-in credits.
36 M.R.S.A. § 1765

When one or more of the following items of tangible personal property are traded in toward the sale price of another of the same kind of the following items, the sales and use tax shall be levied only upon the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade, except for transactions between dealers involving exchange of the property from inventory:

1. Motor vehicles;
2. Watercraft;
3. Aircraft;
4. Chain saws;
5. Special mobile equipment;
6. Trailers; or
7. Truck campers.

Reason(s) for exemption

The value of the trade-in was taxed when the product was originally purchased.

Estimated General Fund revenue loss

FY ‘10 $26,798,807
FY ‘11 $28,138,747

Method used to calculate the revenue loss

Information from tax returns.
2.104 No tax on returned merchandise donated to charity.
36 M.R.S.A. § 1863

No use tax is imposed on the donation of merchandise by a retailer to an organization exempt from taxation under the United States Internal Revenue Code, § 501c (3), as amended, when the merchandise has been returned to the retailer by the purchaser and the retailer then gives to the purchaser an allowance in cash or by credit pursuant to warranty or when the full price of the merchandise returned is refunded, either in cash or by credit, to the purchaser.

Reason(s) for exemption

Provide an incentive for donations to nonprofit organizations.

Estimated General Fund revenue loss

FY ‘10 $50,000 - 249,999
FY ‘11 $50,000 - 249,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.105 No use tax on donations to exempt organizations.
36 M.R.S.A. § 1864

A use tax is not imposed on the donation of merchandise by a retailer from inventory to an organization, if sales to that organization are exempt from sales tax under § 1760.

**Reason(s) for exemption**

Provide an incentive for donations to exempt organizations.

**Estimated General Fund revenue loss**

FY ‘10 $50,000 – 249,999  
FY ‘11 $50,000 – 249,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.106 Refund of sales tax on goods removed from the State.
36 M.R.S.A. § 2012

When a business which operates from fixed locations within and without this State purchases supplies and equipment in this State, places them in inventory in this State, and subsequently withdraws them from inventory either for use at a location of the business in another taxing jurisdiction or for fabrication, attachment or incorporation into other tangible personal property for use at a location of the business in another taxing jurisdiction, without having made use other than storage or such fabrication, attachment or incorporation within this State, it may request a refund of Maine sales tax paid at the time of purchases, provided it maintains inventory records by which the acquisition and disposition of such supplies and equipment purchased can be traced. No refund shall be made where the taxing jurisdiction to which the supplies and equipment are removed levies a sales or use tax. Such refunds must be requested in accordance with § 2011 (Overpayment; refunds).

Reason(s) for exemption

The goods are being used outside of the State.

Estimated General Fund revenue loss

FY ‘10 $0 - 49,999
FY ‘11 $0 - 49,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.
2.107 Refund of sales tax on depreciable machinery and equipment purchases.
36 M.R.S.A. § 2013

This § only applies to farmers and fishermen (including those engaged in aquaculture) who are engaged in commercial activities. Although this is a refund provision, it does provide an exemption for purchases made after certification. Prior to certification or in cases where an exemption card cannot be used to purchase a certain item, the purchaser can seek a refund. The exemption card, which is issued by Maine Revenue Services, can be used to purchase qualifying depreciable machinery and equipment, including repair parts for such, free of tax.

In order to qualify for this exemption, machinery or equipment must meet three tests. Machinery or equipment must:
1. be used directly in commercial production; and
2. be used primarily in commercial production; and

“Directly” means those activities or operations, which constitute an integral and essential part of commercial agricultural production or commercial fishing as distinguished from those activities or operations which are simply incidental, convenient or remote to commercial agricultural production or commercial fishing. “Directly” does not include support operations such as construction or repair facilities, machine shops, storage activities, administration or any highway transportation.

Effective October 1, 2006, the production of livestock also includes the removal and storage of manure from that livestock. Therefore, depreciable machinery and equipment used in the removal and storage of manure qualify for exemption/refund as of that date. Effective August 23, 2006, depreciable machinery and equipment used in certain agricultural composting operations qualify for the exemption/refund.

“Primarily” means more than 50% of the time.

Reason(s) for exemption

Provide financial support to commercial agriculture, aquaculture and fishing.

Estimated General Fund revenue loss

FY ‘10 $3,296,767
FY ‘11 $3,398,894

Method used to calculate the revenue loss

Sales tax micro-simulation model and information from sales tax returns.
2.108 Fish passage facilities.

36 M.R.S.A. § 2014

Taxes on the sale or use of materials used in the construction of fish passage facilities in new, reconstructed or redeveloped dams, when the fish passage facilities are built in accordance with plans and specifications approved by the Department of Inland Fisheries and Wildlife or the Department of Marine Resources are refundable.

**Reason(s) for exemption**

Provide an incentive for the installation of fish passage facilities.

**Estimated General Fund revenue loss**

FY ’10 $0 - 49,999
FY ’11 $0 - 49,999

**Method used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.
2.109 Reimbursement of certain taxes to qualified community wind power generators.

36 M.R.S.A. § 2017

A reimbursement of sales tax is allowed with respect to the sale or use of tangible personal property that is physically incorporated in and becomes a permanent part of real property that is owned by or sold to a qualified community wind power generator and that is used directly and primarily by the qualified community wind power generator. A community wind power generator is an electricity-generating facility at any one site with an instantaneous generating nameplate capacity of not more than 10 megawatts that is powered entirely by wind energy.

**Reason(s) for exemption**

Subsidize the generation of electricity by community wind power generators.

**Estimated General Fund revenue loss**

FY ‘10 $47,400  
FY ‘11 $47,400

**Method used to calculate the revenue loss**

Estimate the number of entities that could use the exemption and their purchases of tangible personal property that would be exempt.
2.110 Reimbursement of certain taxes relating to advanced communications technology infrastructure.

36 M.R.S.A. § 2018

A reimbursement of sales tax is allowed with respect to machinery and equipment purchased for use by a person to develop an advanced communications technology infrastructure in a qualifying ConnectMe zone. Reimbursements are limited to $500,000 in any state fiscal year. This exemption is repealed January 31, 2009.

Reason(s) for exemption

Subsidize the expansion of broadband internet service in the State.

Estimated General Fund revenue loss

FY ′10 $474,000
FY ′11 $474,000

Method used to calculate the revenue loss

This exemption is limited to $500,000 per state fiscal year.
2.111 Barber shop, beauty parlor and health club services.
36 M.R.S.A. § 1752.11

Services provided by a barber shops, beauty parlors and health clubs are exempt from tax.

**Reason(s) for exemption**

These services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $5,943,960  
FY ‘11 $6,057,720

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.112 Cleaning, storage and repair of clothing and shoes. 
36 M.R.S.A. § 1752.11

These services are exempt from tax.

**Reason(s) for exemption**

These services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $2,616,480  
FY ‘11 $2,692,320

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.113 Business & legal services purchased by consumers.
36 M.R.S.A. § 1752.11

Business and legal services include tax return preparation services, legal services and other personal business services. These services are exempt from tax.

**Reason(s) for exemption**

These business and legal services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $20,211,360
FY ‘11 $20,884,440

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.114 Amusement & recreational services.  
36 M.R.S.A. § 1752.11

Amusement and recreational services include theaters and opera performances, movies, pari-mutuel racing net receipts, spectator sporting events, commercial participant amusements, and all other purchases of recreational services.

**Reason(s) for exemption**

These amusement and recreational services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $22,126,320  
FY ‘11 $22,884,720

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.115 Health services.
36 M.R.S.A. § 1752.11

Health services include consumer purchases of services from dentists, hospitals, physicians, nursing homes and other professional medical service providers.

**Reason(s) for exemption**

Health services are a necessity of life that have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $317,598,960  
FY ‘11 $330,984,720

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.116 Educational services.
36 M.R.S.A. § 1752.11

Educational services include consumer purchases of services from elementary and secondary schools (tuition, etc), private and public schools of higher education, nursery schools and commercial and vocational schools.

Reason(s) for exemption

Educational services have never been taxed.

Estimated General Fund revenue loss

FY '10 $49,324,440
FY '11 $52,632,960

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.117 Social, religious, welfare, membership and other organization services.
36 M.R.S.A. § 1752.11.

Services in this category include consumer purchases of professional association memberships, club and fraternal organization memberships, domestic services, other household operations services and religious and welfare activities (includes donations to).

**Reason(s) for exemption**

These services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $78,361,680
FY ‘11 $81,717,600

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.118 Finance, insurance & real estate services.
36 M.R.S.A. § 1752.11

Services in this category include medical care and hospitalization insurance, income loss insurance, workers' compensation insurance, brokerage charges and investment counseling fees, bank service charges, trust services, safe deposit boxes, services furnished without payment by financial intermediaries, expenses of handling life insurance and pension plans, motor vehicle insurance, nondepository credit intermediation and related activities, securities, commodity contracts, investments, monetary authorities and depository credit intermediation, real estate services and rental and leasing activities.

Reason(s) for exemption

These services have never been taxed.

Estimated General Fund revenue loss

FY ‘10 $317,219,760
FY ‘11 $328,956,000

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.119 Professional, Scientific and technical services.
36 M.R.S.A. § 1752.11

Services in this category include purchases of legal services, accounting and bookkeeping services, architectural and engineering services, specialized design services, custom computer programming, computer systems design, other computer related services, including facilities management, management consulting services, environmental and other technical consulting services, scientific research and development services, advertising and related services, veterinary services, and all other miscellaneous professional and technical services.

Reason(s) for exemption

These services have never been taxed.

Estimated General Fund revenue loss

FY ‘10 $109,579,320
FY ‘11 $114,110,760

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.120 Administrative and support services.
36 M.R.S.A. § 1752.11

Services in this category include purchases of office administrative services, facilities support services, employment services, business support services, travel arrangement and reservation services, investigation and security services, services to buildings and dwellings, waste management and remediation services and all other support services.

Reason(s) for exemption

These services have never been taxed.

Estimated General Fund revenue loss

FY ‘10 $65,355,120
FY ‘11 $68,312,880

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.121 Information services.
36 M.R.S.A. § 1752.11.

This category include purchases of services from newspaper publishers, periodicals publishers, book publishers, database, directory and other publishers, software publishers, motion picture and video industries, sound recording industries, radio and television broadcasters, cable networks and program distributors, data processing businesses and other providers of information services.

**Reason(s) for exemption**

These services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $24,970,320
FY ‘11 $26,060,520

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.122 Transportation and warehousing services.
36 M.R.S.A. § 1752.11

Services in this category include purchases of airline, bus, railroad, taxicab, truck, water, limousine, toll road, pipeline, postal, couriers, messenger, warehousing and storage services.

**Reason(s) for exemption**

These services have never been taxed.

**Estimated General Fund revenue loss**

FY ‘10 $60,653,040  
FY ‘11 $63,279,000

**Method used to calculate the revenue loss**

Sales tax micro-simulation model.
2.123 Construction services.

This category includes residential building, commercial and institutional building, manufacturing and industrial building, water, sewer and pipeline construction services.

Reason(s) for exemption

These services have never been taxed.

Estimated General Fund revenue loss

FY ’10 $129,781,200
FY ’11 $134,502,240

Method used to calculate the revenue loss

Sales tax micro-simulation model.
2.124 Management of companies and enterprises services.
36 M.R.S.A. § 1752.11

This category includes services related to the administration, oversight and management of other establishments of the company or enterprise. Some illustrative examples are centralized administrative offices, corporate offices, district and regional offices, head offices, holding companies that manage and subsidiary management offices.

Reason(s) for exemption

These services have never been taxed.

Estimated General Fund revenue loss

FY ‘10 $50,746,440
FY ‘11 $52,585,560

Method used to calculate the revenue loss

Sales tax micro-simulation model.
Motor Fuel Tax Expenditures

2.125 Excise tax exemption on jet or turbojet fuel.
36 M.R.S.A. § 2903

Fuel bought or used by any person to propel jet or turbojet engine aircraft in international flight is exempt from the aeronautical jet fuel tax.

Reason(s) for exemption

Foreign commerce

Estimated State Transit, Aviation and Rail Fund revenue loss

FY ‘10 $851,745
FY ‘11 $860,262

Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.
2.126 Refund of gasoline tax to users of aircraft.
36 M.R.S.A. § 2910

The gasoline excise tax paid on internal combustion engine fuel bought or used for the purpose of propelling piston engine aircraft is refundable to the user, less four cents per gallon. If the fuel tax is refunded, the purchase of the fuel is subject to the sales tax.

Reason(s) for exemption

Off-highway use.

Estimated State Transit, Aviation and Rail Fund revenue loss

FY ‘10 $25,022
FY ‘11 $25,897

Method used to calculate the revenue loss

The estimate is based on the value of refunds issued in fiscal year 2006.
2.127 State and local government exemption from the gasoline tax.
36 M.R.S.A. § 2903

Internal combustion engine fuel sold in bulk to any political subdivision of this State and purchases of gasoline by the State are exempt from the gasoline tax.

**Reason(s) for exemption**

Retain funds for other public purposes.

**Estimated Highway Fund revenue loss**

FY ‘10 $1,861,261  
FY ‘11 $1,923,558

**Method used to calculate the revenue loss**

The estimated revenue loss is based on information reported on motor fuel tax returns.
2.128 Gasoline exported from the state.
36 M.R.S.A. § 2903

Internal combustion engine fuel sold wholly for exportation from this State is exempt from the gasoline tax.

Reason(s) for exemption

The fuel is being exported from this State.

Estimated Highway Fund revenue loss

FY ‘10 $51,563,155
FY ‘11 $53,152,576

Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.
2.129 Refund of the gasoline tax for off-highway use and for certain bus companies.
36 M.R.S.A. §§ 2908 and 2909

The excise tax paid on internal combustion engine fuel bought and used for the purpose of operating or propelling commercial motor boats, tractors used for agricultural purposes not operating on public ways, or for registered vehicles operating off the highways of this State, or vehicles owned or operated by railroad companies while operating on rails or tracks, or in stationary engines, or in the mechanical or industrial arts, or for any other commercial use except in nonrailroad motor vehicles operated or intended to be operated upon any of the public highways of this State, or turnpikes operated and maintained by the Maine Turnpike Authority is refundable less one cent per gallon. All fuel qualifying for a refund is subject to the use tax.

Any person, firm or corporation engaged in furnishing common carrier passenger service under a certificate issued by the Public Utilities Commission shall be reimbursed and repaid to the extent of the entire amount of the gasoline tax paid by him upon that portion of the internal combustion engine fuel used in locally encouraged vehicles (Buses upon which no excise tax is collected, under § 1483, sub§ 13.) operated by him which his tax-exempt passenger fare revenue derived from such service bears to his total passenger fare revenue. Tax-exempt passenger fare revenue means revenue attributable to fares which were exempt from the federal tax upon transportation of persons imposed by § 4261 of the Federal Internal Revenue Code, by reason of §§ 4262 or 4263 of said Internal Revenue Code. Total passenger fare revenue means all revenue attributable to the claimant’s passenger operations, whether or not pursuant to the certificate issued by the Public Utilities Commission. The refund is made only if the claimant’s tax-exempt passenger fare revenue is at least 60% of the claimant’s total passenger fare revenue derived during the calendar quarter for which such refund is claimed.

Reason(s) for exemption

The fuel is being used for off-highway purposes. The exemption for certain bus companies encourages the provision of free transportation to certain persons.

Estimated Highway Fund revenue loss

FY ‘10 $853,822
FY ‘11 $870,898

Method used to calculate the revenue loss

The estimate is based on actual refunds issued in fiscal year 2006.
2.130 State & local government exemption from the special fuel tax.
36 M.R.S.A. § 3204-A

Sales of special fuel to this State or any political subdivision of this State are exempt from the special fuel tax.

Reason(s) for exemption

Retain funds for other public purposes.

Estimated Highway Fund revenue loss

FY ‘10 $2,928,826
FY ‘11 $3,016,741

Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.
2.131 Special fuel exported from the state.
36 M.R.S.A. § 3204-A

Special fuel sold only for exportation from this State is exempt from the Special Fuel Tax.

**Reason(s) for exemption**

The special fuel is being exported from this State.

**Estimated Highway Fund revenue loss**

FY ‘10 $7,618,814  
FY ‘11 $7,847,378

**Method used to calculate the revenue loss**

The estimated revenue loss is based on information reported on motor fuel tax returns.
2.132 Refund of special fuel tax for off-highway use and for certain bus companies.
36 M.R.S.A. §§ 3215 and 3218

The excise tax paid on special fuel bought and used for the purpose of operating or propelling motor boats, tractors used for agricultural purposes not operating on public ways, or in such vehicles as run only on rails or tracks, in stationary engines, in the mechanical or industrial arts, for registered vehicles operating off the highways of this State, or for any other use except in registered motor vehicles operated on the highways of this State is refundable less one cent per gallon. All fuel qualifying for a refund is subject to use tax.

Any person, firm or corporation engaged in furnishing common carrier passenger services under a certificate issued by the Public Utilities Commission is reimbursed and repaid to the extent of the entire amount of that tax paid by him upon that proportion of the combustible gases and liquids used in an internal combustion engine used in locally encouraged vehicles (Buses upon which no excise tax is collected, under § 1483, sub§ 13.) operated by him, which his tax-exempt passenger fare revenue derived from that service bears to his total passenger fare revenue. “Tax-exempt passenger fare revenue” means revenue attributable to fares which were exempt from the federal tax upon transportation of persons imposed by the United States Internal Revenue Code § 4261, by reasons of the United States Internal Revenue Code, § 4262 or 4263. “Total passenger fare revenue” means all revenue attributable to the claimant’s passenger operations, whether or not pursuant to the certificate issued by the Public Utilities Commission. The refund shall be made only if the claimant’s tax-exempt passenger fare revenue is at least 60% of the claimant’s total passenger fare revenue derived during the calendar quarter for which that refund is claimed.

Reason(s) for exemption

The fuel is being used for off-highway purposes. The purpose of the common carrier exemption is to encourage the provision of free transportation to certain persons.

Estimated Highway Fund revenue loss

FY ‘10 $4,582,508
FY ‘11 $4,697,071

Method used to calculate the revenue loss

The estimate is based on actual refunds issued in fiscal year 2006.
**Cigarette Tax Exemption**

**2.133 Cigarette stamp tax deduction for licensed distributors.**

36 M.R.S.A. § 4366-A.2

Cigarette tax stamps are sold to licensed distributors at a discount from their face value. Stamps with a face value of 100 mills ($2.00) are sold at a discount of 1.15%.

**Reason(s) for exemption**

The discount provides a subsidy to licensed distributors to help them cover the cost of affixing the tax stamps to packages of cigarettes.

**Estimated General Fund revenue loss**

FY ‘10 $1,694,663  
FY ‘11 $1,671,370

**Method used to calculate the revenue loss**

The estimated revenue loss is based on the cigarette tax revenue forecast.
Appendix A: General Fund Tax Expenditures – Income Tax (Personal and Corporate) and Property Tax Reimbursement

<table>
<thead>
<tr>
<th>General Fund Income Tax Expenditures</th>
<th>36 MRSA §</th>
<th>FY’08</th>
<th>FY’09</th>
<th>FY’10</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement For Business Equipment Tax Exemption to Municipalities</td>
<td>691</td>
<td>$0</td>
<td>$113,373,316</td>
<td>$215,538,412</td>
<td>$27,486,069</td>
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<tr>
<td>Deduction for Affordable Housing</td>
<td>5122(2)(Z)</td>
<td>$1,373,691</td>
<td>$1,442,375</td>
<td>$1,514,494</td>
<td>$1,587,739</td>
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<tr>
<td>Deduction for Contributions to Capital Construction Funds</td>
<td>5122(2)(I)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Deduction for Premiums Paid for Long-Term Health Care Insurance</td>
<td>5122(2)(L)&amp;(T)</td>
<td>$1,759,931</td>
<td>$1,847,928</td>
<td>$1,876,161</td>
<td>$1,965,640</td>
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<tr>
<td>Deduction for Pension Income</td>
<td>5122(2)(M)</td>
<td>$15,463,679</td>
<td>$16,238,863</td>
<td>$15,176,478</td>
<td>$15,811,049</td>
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<tr>
<td>Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax</td>
<td>5122(2)(N)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Deduction for Holocaust Victim Settlement Payments</td>
<td>5122(2)(O)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Deduction For Contributions To IRC 529 Qualified Tuition Plans</td>
<td>5122(2)(Y)</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
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<tr>
<td>Deduction for Premiums Paid for Long-Term Health Care Insurance</td>
<td>5122(2)(L)&amp;(T)</td>
<td>A</td>
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<tr>
<td>Deduction for Dentists with Military Pensions</td>
<td>5122(2)(BB)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Itemized Deductions</td>
<td>5125</td>
<td>$158,810,454</td>
<td>$166,750,976</td>
<td>$175,088,525</td>
<td>$175,594,390</td>
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<tr>
<td>Deduction for Exempt Associations, Trusts and Organizations</td>
<td>5162(2)</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Credit for Income Tax Paid to Other State by an Estate or Trust</td>
<td>5165</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Deduction for Contributions To IRC 529 Qualified Tuition Plans</td>
<td>5122(2)(Y)</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
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<tr>
<td>Deduction for Dentists with Military Pensions</td>
<td>5122(2)(BB)</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Credit for Income Tax Paid to Other State by an Estate or Trust</td>
<td>5165</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Deduction for Dividends Received from Nonnary Affiliates</td>
<td>5200-A(2)(G)</td>
<td>$5,278,912</td>
<td>$5,542,857</td>
<td>$5,820,000</td>
<td>$5,828,000</td>
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<tr>
<td>Deduction for Interest and Dividends on U.S., Maine State and Local Securities</td>
<td>5200-A(2)(A)&amp;(G)</td>
<td>$802,693</td>
<td>$842,828</td>
<td>$866,000</td>
<td>$870,000</td>
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<tr>
<td>Apportionment of Income Tax Formulae</td>
<td>5211(8)</td>
<td>$15,731,519</td>
<td>$16,518,095</td>
<td>$17,344,000</td>
<td>$17,414,000</td>
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<tr>
<td>Credit to Beneficiary for Accumulation Distribution</td>
<td>5214-A</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Jobs and Investment Tax Credit</td>
<td>5215</td>
<td>$2,005,212</td>
<td>$2,105,472</td>
<td>$2,210,746</td>
<td>$2,232,854</td>
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<tr>
<td>Seed Capital Investment Tax Credit</td>
<td>5216-B</td>
<td>$1,042,373</td>
<td>$1,094,491</td>
<td>$1,182,070</td>
<td>$1,193,891</td>
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<tr>
<td>Credit for Contributions to Family Development Account Reserve Funds</td>
<td>5216-C</td>
<td>$6,492</td>
<td>$6,816</td>
<td>$7,157</td>
<td>$7,515</td>
</tr>
<tr>
<td>Credit for Employer-Assisted Day Care</td>
<td>5217</td>
<td>$19,288</td>
<td>$20,252</td>
<td>$21,265</td>
<td>$21,478</td>
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<tr>
<td>Credit for Income Tax Paid to Other Jurisdiction</td>
<td>5217-A</td>
<td>$33,440,959</td>
<td>$35,113,007</td>
<td>$36,196,648</td>
<td>$39,053,702</td>
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<tr>
<td>Credit for Employer-Provided Long-Term Care Benefits</td>
<td>5217-C</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Credit for Educational Opportunity</td>
<td>5217-D</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Income Tax Credit for Child Care Expense</td>
<td>5218</td>
<td>$3,861,878</td>
<td>$4,054,972</td>
<td>$4,024,588</td>
<td>$4,085,560</td>
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<tr>
<td>Retirement and Disability Credit</td>
<td>5219-A</td>
<td>$8,646</td>
<td>$9,078</td>
<td>$9,532</td>
<td>$9,627</td>
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<tr>
<td>Forest Management Planning Income Credits</td>
<td>5219-B</td>
<td>$40,570</td>
<td>$42,598</td>
<td>$44,728</td>
<td>$45,176</td>
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<tr>
<td>Research Expense Tax Credit</td>
<td>5219-K</td>
<td>$1,556,896</td>
<td>$1,634,741</td>
<td>$1,716,478</td>
<td>$1,802,302</td>
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<tr>
<td>Credit for Substantially Increased Research &amp; Development</td>
<td>5219-L</td>
<td>$3,291,051</td>
<td>$3,455,604</td>
<td>$3,628,384</td>
<td>$3,809,803</td>
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<tr>
<td>High-Techology Investment Tax Credit</td>
<td>5219-M</td>
<td>$981,537</td>
<td>$1,030,613</td>
<td>$1,082,144</td>
<td>$1,092,966</td>
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<tr>
<td>Low-Income Tax Credit</td>
<td>5219-N</td>
<td>$545,005</td>
<td>$572,255</td>
<td>$600,868</td>
<td>$606,877</td>
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<tr>
<td>Credit for Dependent Health Benefits Paid</td>
<td>5219-O</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Quality Child Care Investment Credit</td>
<td>5219-Q</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Credit for Rehabilitation of Historic Properties</td>
<td>5219-R &amp; 5219-BB</td>
<td>$558,864</td>
<td>$561,807</td>
<td>$560,407</td>
<td>$2,370,188</td>
</tr>
<tr>
<td>Earned Income Credit</td>
<td>5219-S</td>
<td>$3,764,092</td>
<td>$3,952,296</td>
<td>$4,149,911</td>
<td>$4,253,660</td>
</tr>
<tr>
<td>Pine Tree Development Zone Tax Credit</td>
<td>5219-W</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Biofuel Commercial Production and Commercial Use</td>
<td>5219-X</td>
<td>$29,782</td>
<td>$74,030</td>
<td>$78,179</td>
<td>$82,088</td>
</tr>
<tr>
<td>Tax Benefits for Media Production Companies</td>
<td>5219-Y, c. 919-A</td>
<td>$465,488</td>
<td>$506,499</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Tax Credit for Pollution-Reducing Boilers</td>
<td>5219-Z</td>
<td>$29,782</td>
<td>$74,030</td>
<td>$77,732</td>
<td>$81,618</td>
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<tr>
<td>Dental Care Access Credit</td>
<td>5219-PP</td>
<td>$0</td>
<td>$0</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Maine Residents Property Tax Program</td>
<td>Chapter 907</td>
<td>$43,848,570</td>
<td>$45,099,440</td>
<td>$48,073,804</td>
<td>$50,473,026</td>
</tr>
<tr>
<td>Reimbursement for Taxes Paid on Certain Business Property (BETR)</td>
<td>Chapter 915</td>
<td>$64,929,303</td>
<td>$65,468,249</td>
<td>$65,653,487</td>
<td>$60,047,934</td>
</tr>
<tr>
<td>Employment Tax Increment Financing</td>
<td>Chapter 917</td>
<td>$4,666,728</td>
<td>$6,206,748</td>
<td>$6,827,423</td>
<td>$7,510,165</td>
</tr>
<tr>
<td>Shipbuilding Facility Credit</td>
<td>Chapter 919</td>
<td>$2,844,000</td>
<td>$2,844,000</td>
<td>$3,125,000</td>
<td>$3,125,000</td>
</tr>
<tr>
<td></td>
<td>$417,081,884</td>
<td>$446,855,448</td>
<td>$475,318,739</td>
<td>$489,224,035</td>
<td></td>
</tr>
</tbody>
</table>

CONFORMITY WITH INTERNAL REVENUE CODE

<table>
<thead>
<tr>
<th>36 MRSA §</th>
<th>FY’08</th>
<th>FY’09</th>
<th>FY’10</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Contributions &amp; Earnings -- Employer-Provided Pension Contributions and Earnings</td>
<td>5102(1-D)</td>
<td>$134,507,655</td>
<td>$141,233,308</td>
<td>$148,294,690</td>
</tr>
</tbody>
</table>

A represents an estimated spread of $0 - $49,999
B represents an estimated spread of $50,000 - $249,999
C represents an estimated spread of $250,000 - $500,000
### Appendix A Continued

**General Fund Income Tax Expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>36 MRSA §</th>
<th>FY'08</th>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Contributions &amp; Earnings -- Individual Retirement Plans</td>
<td>5102(1-D)</td>
<td>$21,096,605</td>
<td>$22,151,435</td>
<td>$23,259,007</td>
<td>$25,921,771</td>
</tr>
<tr>
<td>Pension Contributions &amp; Earnings -- Partners &amp; Sole Proprietors</td>
<td>5102(1-D)</td>
<td>$9,884,480</td>
<td>$10,342,095</td>
<td>$13,362,818</td>
<td>$15,564,635</td>
</tr>
<tr>
<td>Employer-Provided Accident and Disability Benefits</td>
<td>5102(1-D)</td>
<td>$3,305,305</td>
<td>$3,470,862</td>
<td>$3,644,405</td>
<td>$3,847,763</td>
</tr>
<tr>
<td>Employer-Provided Group Term Life Insurance Benefits</td>
<td>5102(1-D)</td>
<td>$2,902,463</td>
<td>$3,047,586</td>
<td>$3,199,965</td>
<td>$3,124,499</td>
</tr>
<tr>
<td>Employer-Paid Medical Insurance and Expenses</td>
<td>5102(1-D)</td>
<td>$143,188,170</td>
<td>$150,347,578</td>
<td>$157,864,957</td>
<td>$164,817,332</td>
</tr>
<tr>
<td>Public Assistance Benefits</td>
<td>5102(1-D)</td>
<td>$3,386,350</td>
<td>$3,569,396</td>
<td>$3,644,405</td>
<td>$3,847,763</td>
</tr>
<tr>
<td>Workers’ Compensation Benefits -- Disability and Survivors Payments</td>
<td>5102(1-D)</td>
<td>$2,902,463</td>
<td>$3,047,586</td>
<td>$3,199,965</td>
<td>$3,847,763</td>
</tr>
<tr>
<td>Expensing Multi-Period Timber Growing Costs</td>
<td>5102(1-D)</td>
<td>$79,000</td>
<td>$79,000</td>
<td>$79,000</td>
<td>$79,000</td>
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<tr>
<td>Expenses for Exploration and Development Costs, Non-Fuel Minerals</td>
<td>5102(1-D)</td>
<td>$134,827</td>
<td>$134,827</td>
<td>$158,017</td>
<td>$155,222</td>
</tr>
<tr>
<td>Excess of Percentage over Cost Depletion, Non-Fuel Mineral</td>
<td>5102(1-D)</td>
<td>$2,902,463</td>
<td>$3,047,586</td>
<td>$3,199,965</td>
<td>$3,847,763</td>
</tr>
<tr>
<td>Deduction for Casualty and Theft Losses</td>
<td>5102(1-D)</td>
<td>$191,059</td>
<td>$200,612</td>
<td>$188,759</td>
<td>$214,853</td>
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<tr>
<td>Deduction for Medical Expenses and Long-Term Care Expenses</td>
<td>5102(1-D)</td>
<td>$8,694,681</td>
<td>$9,792,957</td>
<td>$9,250,497</td>
<td>$9,658,880</td>
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<tr>
<td>Deduction for Charitable Contributions to Educational Institutions</td>
<td>5102(1-D)</td>
<td>$6,406,607</td>
<td>$6,955,745</td>
<td>$8,375,172</td>
<td>$8,647,998</td>
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<tr>
<td>Deduction for Charitable Contributions to Health Organizations</td>
<td>5102(1-D)</td>
<td>$4,759,194</td>
<td>$5,125,286</td>
<td>$5,866,509</td>
<td>$6,925,778</td>
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<td>Deduction for Charitable Contributions, Other than for Education and Health</td>
<td>5102(1-D)</td>
<td>$32,856,744</td>
<td>$35,327,864</td>
<td>$44,187,067</td>
<td>$45,853,224</td>
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<tr>
<td>Deductibility of Other State and Local Taxes</td>
<td>5102(1-D)</td>
<td>$45,141,126</td>
<td>$47,398,192</td>
<td>$49,768,091</td>
<td>$52,311,116</td>
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<tr>
<td>Self-Employed Medical Insurance Premiums</td>
<td>5102(1-D)</td>
<td>$5,589,928</td>
<td>$5,869,425</td>
<td>$6,162,896</td>
<td>$6,654,026</td>
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<tr>
<td>Exclusion of Certain Foster Care Payments</td>
<td>5102(1-D)</td>
<td>$833,115</td>
<td>$874,770</td>
<td>$918,509</td>
<td>$925,778</td>
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<td>Exclusion of Benefits Provided under Cafeteria Plans</td>
<td>5102(1-D)</td>
<td>$42,381,333</td>
<td>$44,500,400</td>
<td>$46,725,420</td>
<td>$50,541,667</td>
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<tr>
<td>Exclusion of Employee Meals and Lodging -- Other Than Military</td>
<td>5102(1-D)</td>
<td>$823,707</td>
<td>$815,230</td>
<td>$1,185,572</td>
<td>$1,157,222</td>
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<tr>
<td>Special Tax Provisions for Employee Stock Ownership Plans (ESOPs)</td>
<td>5102(1-D)</td>
<td>$707,644</td>
<td>$743,026</td>
<td>$780,177</td>
<td>$811,292</td>
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<tr>
<td>Exclusion of Housing Allowances for Ministers</td>
<td>5102(1-D)</td>
<td>$725,615</td>
<td>$761,896</td>
<td>$799,991</td>
<td>$810,055</td>
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<tr>
<td>Exclusion of Miscellaneous Fringe Benefits</td>
<td>5102(1-D)</td>
<td>$7,981,773</td>
<td>$8,380,862</td>
<td>$8,799,905</td>
<td>$9,460,289</td>
</tr>
<tr>
<td>Exclusion of Interest on Educational Savings Bonds - Student-Loan Bonds</td>
<td>5102(1-D)</td>
<td>$1,582,949</td>
<td>$1,676,064</td>
<td>$2,222,198</td>
<td>$2,285,513</td>
</tr>
<tr>
<td>Exclusion of Scholarship and Fellowship Income</td>
<td>5102(1-D)</td>
<td>$2,060,167</td>
<td>$2,163,175</td>
<td>$2,731,334</td>
<td>$3,259,211</td>
</tr>
<tr>
<td>Deduction for Interest of Student Loans</td>
<td>5102(1-D)</td>
<td>$823,707</td>
<td>$915,230</td>
<td>$1,155,543</td>
<td>$1,330,805</td>
</tr>
<tr>
<td>Exclusion of Tax on Earnings of Qualified Tuition Programs</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$112,873</td>
<td>$118,517</td>
<td>$115,722</td>
</tr>
<tr>
<td>Exclusion of Earnings of Coverdell Education Savings Accounts</td>
<td>5102(1-D)</td>
<td>$214,997</td>
<td>$225,747</td>
<td>$237,034</td>
<td>$243,336</td>
</tr>
<tr>
<td>Exclusion of Employer-Provided Tuition Reduction Benefits</td>
<td>5102(1-D)</td>
<td>$63,907,933</td>
<td>$67,103,330</td>
<td>$70,458,496</td>
<td>$66,598,122</td>
</tr>
<tr>
<td>Exclusion of Capital Gains at Death</td>
<td>5102(1-D)</td>
<td>$5,216,809</td>
<td>$6,955,745</td>
<td>$7,170,293</td>
<td>$6,972,262</td>
</tr>
<tr>
<td>Carryover Basis of Capital Gains on Gifts</td>
<td>5102(1-D)</td>
<td>$732,184</td>
<td>$732,184</td>
<td>$1,037,026</td>
<td>$1,041,500</td>
</tr>
<tr>
<td>Amortization of Business Start-Up Costs</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$91,523</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Deduction of Certain Film and Television Production Costs</td>
<td>5102(1-D)</td>
<td>$4,754,220</td>
<td>$5,479,440</td>
<td>$6,478,909</td>
<td>$7,036,373</td>
</tr>
<tr>
<td>Depreciation of Rental Housing in Excess of Alternative Deprecition System</td>
<td>5102(1-D)</td>
<td>$26,907,751</td>
<td>$27,639,935</td>
<td>$34,280,955</td>
<td>$34,337,325</td>
</tr>
</tbody>
</table>

A represents an estimated spread of $0 - $49,999
B represents an estimated spread of $50,000 - $249,999
C represents an estimated spread of $250,000 - $500,000
### Appendix A Continued

<table>
<thead>
<tr>
<th>General Fund Income Tax Expenditures</th>
<th>36 MRSA §</th>
<th>FY'08</th>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusion of Capital Gains on Sales of Principal Residences</td>
<td>5102(1-D)</td>
<td>$34,130,673</td>
<td>$35,837,207</td>
<td>$37,629,067</td>
<td>$40,383,809</td>
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<tr>
<td>Deduction for Property Taxes on Owner-Occupied Homes</td>
<td>5102(1-D)</td>
<td>$35,337,829</td>
<td>$37,104,720</td>
<td>$38,414,816</td>
<td>$40,961,477</td>
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<tr>
<td>Deduction for Mortgage Interest on Owner-Occupied Homes</td>
<td>5102(1-D)</td>
<td>$67,261,869</td>
<td>$70,624,963</td>
<td>$74,156,211</td>
<td>$78,622,496</td>
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<tr>
<td>Exemptions from Imputed Interest Rules</td>
<td>5102(1-D)</td>
<td>$438,355</td>
<td>$438,355</td>
<td>$562,957</td>
<td>$578,611</td>
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<tr>
<td>Installment Sales</td>
<td>5102(1-D)</td>
<td>$1,643,832</td>
<td>$1,780,818</td>
<td></td>
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<tr>
<td>Completed Contract Rules</td>
<td>5102(1-D)</td>
<td>$206,010</td>
<td>$216,310</td>
<td>$227,125</td>
<td>$237,000</td>
</tr>
<tr>
<td>Additional Standard Deduction for the Blind and Elderly</td>
<td>5102(1-D)</td>
<td>$3,778,800</td>
<td>$3,967,740</td>
<td>$4,532,497</td>
<td>$4,756,894</td>
</tr>
<tr>
<td>Parental Personal Exemption for Students Age 19 to 23</td>
<td>5102(1-D)</td>
<td>$183,046</td>
<td>$91,523</td>
<td>$38,518</td>
<td>$350,060</td>
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</tbody>
</table>

**Exclusions from Imputed Interest Rules**

<table>
<thead>
<tr>
<th>General Fund Income Tax Expenditures</th>
<th>36 MRSA §</th>
<th>FY'08</th>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusion of Veterans, Disability Comp., Veterans Pensions &amp; G.I. Bill Benefits</td>
<td>5102(1-D)</td>
<td>$3,935,487</td>
<td>$4,027,010</td>
<td>$4,948,095</td>
<td>$5,033,915</td>
</tr>
<tr>
<td>Exclusion of Military Disability Benefits</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$91,523</td>
<td>$118,517</td>
<td>$115,722</td>
</tr>
<tr>
<td>Exemption of Employee Awards</td>
<td>5102(1-D)</td>
<td>$183,046</td>
<td>$183,046</td>
<td>$237,034</td>
<td>$231,444</td>
</tr>
<tr>
<td>Deferral of Gain on Like-Kind Exchanges</td>
<td>5102(1-D)</td>
<td>$3,397,253</td>
<td>$3,506,842</td>
<td>$2,577,560</td>
<td>$2,519,277</td>
</tr>
<tr>
<td>Exclusion of Employer-Paid Transportation Benefits</td>
<td>5102(1-D)</td>
<td>$5,428,680</td>
<td>$5,700,114</td>
<td>$5,985,120</td>
<td>$5,988,623</td>
</tr>
<tr>
<td>Deduction for Overnight-Travel Expenses of National Guard and Reserve Members</td>
<td>5102(1-D)</td>
<td>A</td>
<td>A</td>
<td>$29,629</td>
<td>$94,024</td>
</tr>
<tr>
<td>Special Tax Rate for Nuclear Decommissioning Reserve Funds</td>
<td>5102(1-D)</td>
<td>$286,621</td>
<td>$300,952</td>
<td>$316,000</td>
<td>$345,625</td>
</tr>
<tr>
<td>Amortization and Expensing of Reforestation Expenditures</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$91,523</td>
<td>$126,417</td>
<td>$123,622</td>
</tr>
<tr>
<td>Expensing of Soil and Water Conservation Expenditures</td>
<td>5102(1-D)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>$94,319</td>
</tr>
<tr>
<td>Expensing of Fertilizer and Soil Conditioner Costs</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$91,523</td>
<td>$118,517</td>
<td>$115,722</td>
</tr>
<tr>
<td>Expensing of the Costs of Raising Dairy and Breeding Cattle</td>
<td>5102(1-D)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>$117,722</td>
</tr>
<tr>
<td>Exclusion of Cost-Sharing Payments</td>
<td>5102(1-D)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Exclusion of Cancellation of Indebtedness Income of Farmers</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$91,523</td>
<td>$118,517</td>
<td>$115,722</td>
</tr>
<tr>
<td>Deferral of Tax on U.S. Shipping Companies</td>
<td>5102(1-D)</td>
<td>$91,523</td>
<td>$91,523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exclusion of Income Earned by Voluntary Employee's Beneficiary Associations</td>
<td>5102(1-D)</td>
<td>$2,257,471</td>
<td>$2,370,345</td>
<td>$2,488,862</td>
<td>$2,516,958</td>
</tr>
<tr>
<td>Deferral of Taxation on Spread on Acquisition of Stock under Incentive Stock Option Plans and Employee Stock Purchase Plans</td>
<td>5102(1-D)</td>
<td>$241,872</td>
<td>$253,966</td>
<td>$266,664</td>
<td>$318,236</td>
</tr>
<tr>
<td>Exclusion of Medical Care and TRICARE Medical Insurance for Military Dependents, Retirees, and Retiree Dependents not Enrolled in Medicare</td>
<td>5102(1-D)</td>
<td>$1,921,982</td>
<td>$2,105,028</td>
<td>$2,696,267</td>
<td>$2,835,194</td>
</tr>
<tr>
<td>Exclusion of Workers' Compensation Benefits (Medical Benefits)</td>
<td>5102(1-D)</td>
<td>$10,024,247</td>
<td>$10,525,459</td>
<td>$11,051,732</td>
<td>$11,687,941</td>
</tr>
<tr>
<td>Health Savings Accounts</td>
<td>5102(1-D)</td>
<td>$49,138</td>
<td>$823,707</td>
<td>$1,333,319</td>
<td>$1,735,833</td>
</tr>
<tr>
<td>Exclusion of Medicare Benefits -- Hospital Insurance -- Supplementary Medical Insurance -- Prescription Drug Insurance</td>
<td>5102(1-D)</td>
<td>$41,551,425</td>
<td>$45,303,867</td>
<td>$58,014,186</td>
<td>$66,106,302</td>
</tr>
<tr>
<td>Exclusion of Medicare Benefits -- Exclusion of Certain Subsidies to Employers who Maintain Prescription Drug Plans for Medicare Enrollees</td>
<td>5102(1-D)</td>
<td>$394,104</td>
<td>$413,810</td>
<td>$434,500</td>
<td>$434,500</td>
</tr>
<tr>
<td>Exclusion of Damages on Account of Personal Physical Injuries or Physical Sickness</td>
<td>5102(1-D)</td>
<td>$1,372,844</td>
<td>$1,372,844</td>
<td>$1,777,759</td>
<td>$1,735,833</td>
</tr>
<tr>
<td>Exclusion of Health Insurance Benefits for Military Retirees and Retiree Dependents enrolled in Medicare</td>
<td>5102(1-D)</td>
<td>$0</td>
<td>$0</td>
<td>$1,629,612</td>
<td>$1,880,486</td>
</tr>
</tbody>
</table>

$818,214,973 $863,888,049 $936,832,351 $984,160,513 $1,235,296,857 $1,310,743,497 $1,412,151,090 $1,473,384,548

A represents an estimated spread of $0 - $49,999
B represents an estimated spread of $50,000 - $249,999
C represents an estimated spread of $250,000 - $500,000
## Appendix B: General Fund tax expenditures – Sales, Motor Fuel and Service Provider Taxes

### General Fund Sales & Use Tax Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>36 MRSA §</th>
<th>FY’08</th>
<th>FY’09</th>
<th>FY’10</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual Sales</td>
<td>1752(11)</td>
<td>D</td>
<td>D</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Sales by Executors</td>
<td>1752(11)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Separately Charged Labor Service Fees</td>
<td>1752(14)</td>
<td>$21,244,379</td>
<td>$22,051,665</td>
<td>$23,019,708</td>
<td>$24,055,595</td>
</tr>
<tr>
<td>Tips Given Directly to Employees</td>
<td>1752(14)</td>
<td>$736,724</td>
<td>$758,825</td>
<td>$780,766</td>
<td>$804,189</td>
</tr>
<tr>
<td>Sales to the State &amp; Political Subdivisions</td>
<td>1760(2)</td>
<td>$147,374,328</td>
<td>$150,321,814</td>
<td>$153,166,683</td>
<td>$156,230,016</td>
</tr>
<tr>
<td>Grocery Staples</td>
<td>1760(3)</td>
<td>$74,743,240</td>
<td>$77,438,400</td>
<td>$78,503,880</td>
<td>$79,851,080</td>
</tr>
<tr>
<td>Ships Stores</td>
<td>1760(4)</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>1760(5)</td>
<td>$15,478,190</td>
<td>$15,981,160</td>
<td>$16,286,640</td>
<td>$16,656,360</td>
</tr>
<tr>
<td>Prosthetic Devices</td>
<td>1760(5-A)</td>
<td>$1,550,912</td>
<td>$1,612,949</td>
<td>$1,675,699</td>
<td>$1,742,727</td>
</tr>
<tr>
<td>Meals Served by Public or Private Schools</td>
<td>1760(6-A)</td>
<td>$9,690,541</td>
<td>$9,981,257</td>
<td>$10,269,861</td>
<td>$10,577,957</td>
</tr>
<tr>
<td>Meals Served to Hospitals &amp; Nursing Homes</td>
<td>1760(6-B)</td>
<td>$3,378,440</td>
<td>$3,501,810</td>
<td>$3,640,320</td>
<td>$3,782,520</td>
</tr>
<tr>
<td>Providing Meals for the Elderly</td>
<td>1760(6-C)</td>
<td>$316,365</td>
<td>$317,947</td>
<td>$319,200</td>
<td>$320,796</td>
</tr>
<tr>
<td>Providing Meals Residents of Certain Nonprofit Congregate Housing Facilities</td>
<td>1760(6-D)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Meals Served by Colleges Employees of the College</td>
<td>1760(6-E)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Meals Served by Youth Camps that are Licensed by DHHS</td>
<td>1760(6-F)</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Products Used in Agricultural and Aquacultural Production &amp; Bait</td>
<td>1760(7-A)</td>
<td>$4,270,500</td>
<td>$4,403,360</td>
<td>$4,521,960</td>
<td>$4,664,160</td>
</tr>
<tr>
<td>Fogging Boats</td>
<td>1790(8-D)</td>
<td>$223,205</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Coal, Oil &amp; Wood for Cooking &amp; Heating Homes</td>
<td>1760(9-A)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Gas When Used for Cooking &amp; Heating in Residences</td>
<td>1760(9-C)</td>
<td>$3,995,290</td>
<td>$4,488,770</td>
<td>$5,308,800</td>
<td>$5,706,960</td>
</tr>
<tr>
<td>Fuel and Electricity Used in Manufacturing</td>
<td>1760(9-D)</td>
<td>$44,387,034</td>
<td>$44,830,904</td>
<td>$45,679,337</td>
<td>$46,592,924</td>
</tr>
<tr>
<td>Certain Loaner Vehicles</td>
<td>1760(23-D)</td>
<td>$569,400</td>
<td>$740,220</td>
<td>$776,412</td>
<td>$819,891</td>
</tr>
<tr>
<td>Sales to Certain Nonprofit Residential Child Care Institutions</td>
<td>1760(18-A)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Rental of Living Quarters at Schools</td>
<td>1760(19)</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>Rental Charges on Continuous Residence for More Than 28 Days</td>
<td>1760(20)</td>
<td>$20,783,100</td>
<td>$21,010,860</td>
<td>$21,045,600</td>
<td>$21,273,120</td>
</tr>
<tr>
<td>Automobiles Used in Driver Education Programs</td>
<td>1760(21)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Certain Loaner Vehicles</td>
<td>1760(21-A)</td>
<td>$651,180</td>
<td>$197,392</td>
<td>$207,043</td>
<td>$218,637</td>
</tr>
<tr>
<td>Automobiles Sold to Amputee Veterans</td>
<td>1760(22)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Certain Vehicles Purchased or Leased by Nonresidents</td>
<td>1760(23-C)</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Businesses</td>
<td>1760(25)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Sales to Regional Planning Agencies</td>
<td>1760(30)</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Sales to Ambulance Services &amp; Fire Departments</td>
<td>1760(32)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Sales to Comm. Mental Health, Substance Abuse &amp; Mental Retardition Facilities</td>
<td>1760(33)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Water Pollution Control Facilities</td>
<td>1760(34)</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>New Machinery for Experimental Research</td>
<td>1760(35)</td>
<td>$24,692,980</td>
<td>$25,252,890</td>
<td>$25,814,040</td>
<td>$26,506,080</td>
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<tr>
<td>Water Pollution Control Facilities</td>
<td>1760(36)</td>
<td>$36,387,950</td>
<td>$36,503,280</td>
<td>$36,621,360</td>
<td>$37,253,640</td>
</tr>
<tr>
<td>Diabetic Supplies</td>
<td>1760(37)</td>
<td>$930,548</td>
<td>$958,463</td>
<td>$986,178</td>
<td>$1,015,763</td>
</tr>
<tr>
<td>Sales Through Coin Operated Vending Machines</td>
<td>1760(38)</td>
<td>$614,478</td>
<td>$626,767</td>
<td>$638,629</td>
<td>$651,401</td>
</tr>
<tr>
<td>Goods &amp; Services for Seeing Eye Dogs</td>
<td>1760(39)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Sales to Regional Planning Agencies</td>
<td>1760(40)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Water Used in Private Residences</td>
<td>1760(41)</td>
<td>$8,047,520</td>
<td>$8,227,830</td>
<td>$8,223,900</td>
<td>$8,228,640</td>
</tr>
<tr>
<td>Mobile &amp; Modular Homes</td>
<td>1760(42)</td>
<td>$7,105,163</td>
<td>$7,176,215</td>
<td>$7,276,183</td>
<td>$7,385,325</td>
</tr>
</tbody>
</table>

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C represents an estimated spread of $250,000 - $999,999  
D represents an estimated spread of $1,000,000 – $2,999,999  
E represents an estimated spread of $3,000,000 - $5,999,999  
F represents an estimated spread of $6,000,000 or more
### Appendix B continued

<table>
<thead>
<tr>
<th>Property Used in Interstate Commerce</th>
<th>36 MRSA §</th>
<th>FY'08</th>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to Historical Societies &amp; Museums</td>
<td>1760(42)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Sales to Day Care Centers &amp; Nursery Schools</td>
<td>1760(43)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Sales to Church Affiliated Residential Homes</td>
<td>1760(44)</td>
<td>A</td>
<td>A</td>
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</tr>
<tr>
<td>Certain Property Purchased Out of State</td>
<td>1760(45)</td>
<td>D</td>
<td>D</td>
<td>D</td>
<td>D</td>
</tr>
<tr>
<td>Sales to Organ. that Provide Residential Facilities for Med. Patients</td>
<td>1760(46)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Sales to Emergency Shelters &amp; Feeding Organizations</td>
<td>1760(47-A)</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Property Used in Interstate Commerce</td>
<td>1760(41)</td>
<td>D</td>
<td>D</td>
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</tr>
<tr>
<td>Sales to Historical Societies &amp; Museums</td>
<td>1760(42)</td>
<td>B</td>
<td>B</td>
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<tr>
<td>Sales to Day Care Centers &amp; Nursery Schools</td>
<td>1760(43)</td>
<td>B</td>
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</tr>
<tr>
<td>Sales to Church Affiliated Residential Homes</td>
<td>1760(44)</td>
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<td>A</td>
<td>A</td>
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</tr>
<tr>
<td>Certain Property Purchased Out of State</td>
<td>1760(45)</td>
<td>D</td>
<td>D</td>
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<td>D</td>
</tr>
<tr>
<td>Sales to Organ. that Provide Residential Facilities for Med. Patients</td>
<td>1760(46)</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
</tbody>
</table>

**Note:**

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### Appendix B continued

<table>
<thead>
<tr>
<th>Description</th>
<th>36 MRSA §</th>
<th>FY’08</th>
<th>FY’09</th>
<th>FY’10</th>
<th>FY’11</th>
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<tbody>
<tr>
<td>Refund of Sales Tax on Certain Depreciable Machinery and Equipment</td>
<td>2013</td>
<td>$3,113,292</td>
<td>$3,210,202</td>
<td>$3,296,767</td>
<td>$3,398,894</td>
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<tr>
<td>Fish Passage Facilities</td>
<td>2014</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Reimbursement of Tax on Certain Communications Technology</td>
<td>2018</td>
<td>0</td>
<td>$474,500</td>
<td>$474,000</td>
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<tr>
<td>Reimbursement of Tax to Certain Qualified Wind Power Generators</td>
<td>2017</td>
<td>$0</td>
<td>$47,450</td>
<td>$47,400</td>
<td>$47,400</td>
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<td>Refund of Sales Tax on Purchases of Parts and Supplies</td>
<td>2019</td>
<td>$167,593</td>
<td>$124,746</td>
<td>$13,594</td>
<td>$0</td>
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<tr>
<td>Barber Shop, Beauty Pallor and Health Club Services</td>
<td>1752(11)</td>
<td>$5,627,570</td>
<td>$5,845,840</td>
<td>$5,943,960</td>
<td>$6,057,720</td>
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<tr>
<td>Cleaning, Storage and Repair of Clothing and Shoes</td>
<td>1752(11)</td>
<td>$2,448,420</td>
<td>$2,562,300</td>
<td>$2,616,480</td>
<td>$2,692,320</td>
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<tr>
<td>Business and Legal Services Purchased by Consumers</td>
<td>1752(11)</td>
<td>$18,685,810</td>
<td>$19,634,810</td>
<td>$20,211,360</td>
<td>$20,884,440</td>
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<td>Amusement &amp; Recreational Services</td>
<td>1752(11)</td>
<td>$20,412,990</td>
<td>$21,466,380</td>
<td>$22,126,320</td>
<td>$22,884,720</td>
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<td>Health Services</td>
<td>1752(11)</td>
<td>$288,799,680</td>
<td>$305,824,740</td>
<td>$317,598,960</td>
<td>$330,984,720</td>
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<tr>
<td>Educational Services</td>
<td>1752(11)</td>
<td>$42,875,820</td>
<td>$46,387,120</td>
<td>$49,324,440</td>
<td>$52,632,960</td>
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<tr>
<td>Social, Religious, Welfare, Membership and Other Organization Services</td>
<td>1752(11)</td>
<td>$71,137,040</td>
<td>$75,388,560</td>
<td>$78,361,680</td>
<td>$81,717,600</td>
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<tr>
<td>Finance, Insurance &amp; Real Estate Services</td>
<td>1752(11)</td>
<td>$294,863,790</td>
<td>$307,124,870</td>
<td>$317,219,760</td>
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<td>Professional, Scientific, and Technical Services</td>
<td>1752(11)</td>
<td>$102,008,010</td>
<td>$105,557,270</td>
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<td>Administrative and Support Services</td>
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<td>$60,270,990</td>
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<td>$68,312,880</td>
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<td>Information Services</td>
<td>1752(11)</td>
<td>$23,098,660</td>
<td>$23,990,720</td>
<td>$24,970,320</td>
<td>$26,060,520</td>
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<td>Transportation and Warehousing Services</td>
<td>1752(11)</td>
<td>$55,934,060</td>
<td>$58,382,480</td>
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<td>$63,279,000</td>
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<td>Construction Services</td>
<td>1752(11)</td>
<td>$122,980,910</td>
<td>$124,964,320</td>
<td>$129,781,200</td>
<td>$134,502,240</td>
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<tr>
<td>Management of Companies and Enterprises Services</td>
<td>1752(11)</td>
<td>$47,668,270</td>
<td>$49,186,670</td>
<td>$50,746,440</td>
<td>$52,585,560</td>
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#### General Fund Excise Tax & Insurance Premiums Tax Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>2514</th>
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<th>B</th>
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<tr>
<td>Deductions of Dividends &amp; Direct Return Premiums</td>
<td>2514</td>
<td>B</td>
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<tr>
<td>Insurance Company Tax Credit for Employer-assisted Day Care</td>
<td>2514</td>
<td>A</td>
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<tr>
<td>Insurance Company Tax Credit for Employer-provided Long-term Care Benefits</td>
<td>2514</td>
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<tr>
<td>Educational Attainment Investment Tax Credit for Insurance Companies</td>
<td>2527</td>
<td>A</td>
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<tr>
<td>Recruitment Tax Credit for Insurance Companies</td>
<td>2528</td>
<td>A</td>
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<tr>
<td>Pine Tree Development Zone Tax Credit for Insurance Companies</td>
<td>2529</td>
<td>A</td>
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<tr>
<td>Cigarette Stamp Tax Deduction for Licensed Distributors</td>
<td>4366-A(2)</td>
<td>$1,657,739</td>
<td>$1,697,085</td>
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<td>$1,671,370</td>
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<td>Exemptions of the Real Estate Transfer Tax</td>
<td>4641-C</td>
<td>C</td>
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</tr>
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