

# **Maine Citizen's Guide to the Referendum Election**

**Tuesday, June 8, 2010**



**In Accordance with  
the June 16, 2009 and January 12, 2010  
Proclamations of the Governor and with the  
Acts Passed by the 124<sup>th</sup> Legislature  
at the First and Second Regular Sessions**

**Matthew Dunlap  
Secretary of State**

Appropriation 010-29A-4213-012



**State of Maine**  
**Office of the Secretary of State**  
**Augusta, Maine 04333**

Dear Fellow Citizen,

The information in this booklet is intended to help voters learn about the questions that will appear on the June 8, 2010 Referendum Election ballot. Referendum elections are an important part of the heritage of public participation in Maine. I hope you will help keep our democracy strong by reviewing this information and then casting your ballot.

For information about how and where to vote, please contact your local municipal clerk or call Maine's Division of Elections at 624-7650. Information is also available online at [www.maine.gov/sos](http://www.maine.gov/sos).

Inside this booklet, you will find:

- ◆ each of the five referendum questions;
- ◆ the legislation each question represents;
- ◆ a summary of the intent and content of the legislation;
- ◆ an explanation of the significance of a "yes" or "no" vote;
- ◆ an analysis of the debt service on the bond issues;
- ◆ an estimate of the fiscal impact of each referendum question on state revenues, appropriations and allocations; and
- ◆ public comments filed in support of or in opposition to each ballot measure.

The Department of the Secretary of State, the Attorney General, the State Treasurer and the Office of Fiscal and Program Review have worked together to prepare this booklet. We hope you find it helpful and we encourage you to exercise your right to vote.

Sincerely,



Matthew Dunlap  
Secretary of State





# Features in this Guide

Chapter 316 of the Public Laws of 2005, passed by the First Special Session of the 122<sup>nd</sup> Legislature, added several features to the Guide.

In addition to the Intent and Content summaries prepared by the Office of the Attorney General, and the Treasurer's Statement and analysis of the debt service on the bond issue, this Guide also includes an estimate of the fiscal impact of each statewide referendum on state revenues, appropriations and allocations. The fiscal impact estimate must summarize the aggregate impact that each ballot measure will have on the General Fund, the Highway Fund, Other Special Revenue Funds and the amounts distributed by the state to local units of government.

In addition the Guide may also include public comments in support of or in opposition to each ballot measure. As required by this law, a person filing a public comment for publication must pay a fee of \$500 to the Secretary of State. Fees filed with public comments will be deposited in the Public Comment Publication Fund. The money in this fund must be used for the purpose of publishing the Secretary of State's Guide to the Referendum Election.

Pursuant to Chapter 316 of the Public Laws of 2005, the Secretary of State adopted rules regarding the publication of public comment by proponents and opponents of ballot measures. Chapter 520, Rules Regarding Publication of Public Comments on Statewide Referenda, are available on the Secretary of State's web site at:

<http://www.maine.gov/sos/cec/rules/29/250/250c520.doc>

# STATE OF MAINE

Referendum Election, June 8, 2010

## Listing of Referendum Questions

### Question 1: People's Veto

Do you want to reject the new law that lowers Maine's income tax and replaces that revenue by making changes to the sales tax?

### Question 2: Bond Issue

Do you favor a \$26,500,000 bond issue that will create jobs through investment in an off-shore wind energy demonstration site and related manufacturing to advance Maine's energy independence from imported foreign oil, that will leverage \$24,500,000 in federal and other funds and for energy improvements at campuses of the University of Maine System, Maine Community College System and Maine Maritime Academy in order to make facilities more efficient and less costly to operate?

### Question 3: Bond Issue

Do you favor a \$47,800,000 bond issue to create jobs in Maine through improvements to highways, railroads and marine facilities, including port and harbor structures, and specifying the allocation of \$4,000,000 of the transportation bond approved by voters in November 2009 to be used for capital rail purposes?

### Question 4: Bond Issue

Do you favor a \$23,750,000 bond issue to provide capital investment to stimulate economic development and job creation by making investments under the Communities for Maine's Future Program and in historic properties; providing funding for research and development investments awarded through a competitive process; providing funds for disbursements to qualifying small businesses; and providing grants for food processing for fishing, agricultural, dairy and lumbering businesses within the State and redevelopment projects at the Brunswick Naval Air Station that will make the State eligible for over \$39,000,000 in federal and other matching funds?

### Question 5: Bond Issue

Do you favor a \$10,250,000 bond issue to improve water quality, support drinking water programs and the construction of wastewater treatment facilities and to assist farmers in the development of environmentally sound water sources that will leverage \$33,250,000 in federal and other funds?

## Treasurer's Statement

The State of Maine borrows money by issuing bonds. Bonding is a multi-step process which can generally be described as follows:

1. The Legislature decides what it believes should be funded from bond proceeds (money acquired from the sale of bonds) and puts the bonds out for voter approval as required by the State Constitution.
2. The voters, at a statewide election, approve or reject each bond proposal.
3. The State Treasurer issues bonds to pay for those projects approved by the voters or otherwise authorized by the Constitution. A person or institution purchasing the bonds is, in effect, loaning the State of Maine money in return for interest payments during the term of the bond.
4. The Treasurer distributes the money acquired from the sale of bonds in accordance with the legislation authorizing bonds for approved projects.
5. The Treasurer makes payments twice yearly to bond purchasers until the debt is retired.

The following is a summary of the general obligation bond debt of the State of Maine as of **March 31, 2010**.

### **Bonds Outstanding (Issued and Maturing through 2019):**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Highway Fund	\$119,620,000	\$ 23,260,812	\$142,880,812
General Fund	<u>\$380,830,000</u>	<u>\$ 50,939,949</u>	<u>\$431,769,949</u>
Total	<b>\$500,450,000</b>	<b>\$ 74,200,761</b>	<b>\$574,650,761</b>

**3/31/2010 Unissued Bonds Authorized by Voters:** **\$ 112,268,667**

**Unissued Bonds Authorized by the Constitution and Laws:** **\$ 99,000,000**

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**Total Authorized but Unissued Bonds:** **\$ 211,268,667**

**The total amounts that must be paid in the present fiscal year for bonded debt already outstanding (for FY2010):** **\$106,976,462.09**

If the bonds submitted here are approved by voters and issued for the full statutory period authorized, an estimate of the total interest and principal that may reasonably be expected to be paid is **\$135,104,250**, representing **\$108,300,000** in principal and **\$26,804,250** in interest.



David Lemoine, Treasurer of State

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## Question 1: People's Veto

**Do you want to reject the new law that lowers Maine's income tax and replaces that revenue by making changes to the sales tax?**

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### State of Maine

To the Governor of the State of Maine:

In accordance with Section 17 of Article IV, Part Third of the Constitution of the State of Maine, the undersigned electors of the State of Maine, qualified to vote for Governor, residing in said State, whose names have been certified, hereby propose to veto Public Law 2009, Chapter 382, "An Act To Implement Tax Relief and Tax Reform".

Approved 06/12/2009 By Governor	Chapter 382 Public Law
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In the Year of Our Lord  
Two Thousand and Nine

Be it enacted by the People of the State of Maine as follows:

#### PART A

**Sec. A-1. 36 MRSA §5111**, as amended by PL 1999, c. 731, Pt. T, §§1 to 7, is repealed and the following enacted in its place:

#### **§5111. Imposition and rate of tax**

A tax is imposed for each taxable year beginning on or after January 1, 2010 on the Maine taxable income of every resident individual of this State at the rate of 6.5%.

**Sec. A-2. 36 MRSA §5111-A**, as repealed and replaced by PL 1987, c. 819, §3, is repealed.

**Sec. A-3. 36 MRSA §5111-C** is enacted to read:

#### **§5111-C. Income tax surcharge**

For tax years beginning on or after January 1, 2010, in addition to the tax imposed pursuant to section 5111 for the taxable year, there is imposed a tax surcharge on the amount of state tax liability due for any tax year that begins on or after January 1, 2010. The tax surcharge is .35% of the Maine taxable income that exceeds \$250,000. The Maine taxable income threshold amount of \$250,000 must be indexed in accordance with chapter 841 and if the amount so indexed is not a multiple of \$50 the indexed amount must be rounded to the next lowest multiple of \$50.

**Sec. A-4. 36 MRSA §5112**, as enacted by P&SL 1969, c. 154, Pt. F, §1, is repealed.

**Sec. A-5. 36 MRSA §5113**, as repealed and replaced by PL 1983, c. 571, §19, is repealed.

**Sec. A-6. 36 MRSA §5121**, as amended by PL 2003, c. 390, §26, is further amended to read:

#### **§5121. Maine taxable income**

The Maine taxable income of a resident individual is equal to the individual's federal adjusted gross income as defined by the Code with the modifications ~~and less the deductions and personal exemptions~~ provided in this chapter.

**Sec. A-7. 36 MRSA §5122, sub-§2, ¶L**, as amended by PL 2003, c. 705, §11 and affected by §14, is further amended to read:

L. For income tax years beginning on or after January 1, 2000 and before January 1, 2004, an amount equal to the total premiums spent for qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted is reduced by the long-term care premiums claimed as an itemized deduction pursuant to section 5125. For income tax years beginning on or after

January 1, 2004 and before January 1, 2010, an amount equal to the total premiums spent for qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted is reduced by any amount claimed as a deduction for federal income tax purposes in accordance with the Code, Section 162(l) and by the long-term care premiums claimed as an itemized deduction pursuant to section 5125. For income tax years beginning on or after January 1, 2010, an amount equal to the total premiums spent for qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted is reduced by any amount claimed as a deduction for federal income tax purposes in accordance with the Code, Section 162(l);

**Sec. A-8. 36 MRSA §5122, sub-§2, ¶T**, as amended by PL 2005, c. 519, Pt. LLL, §1 and c. 622, §26, is further amended to read:

T. For income tax years beginning on or after January 1, 2002 and before January 1, 2004, an amount equal to the total premiums spent for long-term care insurance policies certified under Title 24-A, section 5075-A as long as the amount subtracted is reduced by the long-term care premiums claimed as an itemized deduction pursuant to section 5125.

For income tax years beginning on or after January 1, 2004 but before January 1, 2010, an amount equal to the total premiums spent for qualified long-term care insurance contracts certified under Title 24-A, section 5075-A, as long as the amount subtracted is reduced by any amount claimed as a deduction for federal income tax purposes in accordance with the Code, Section 162(l) and by the long-term care premiums claimed as an itemized deduction pursuant to section 5125. For income tax years beginning on or after January 1, 2010, an amount equal to the total premiums spent for qualified long-term care insurance contracts certified under Title 24-A, section 5075-A, as long as the amount subtracted is reduced by any amount claimed as a deduction for federal income tax purposes in accordance with the Code, Section 162(l);

**Sec. A-9. 36 MRSA §5124-A**, as amended by PL 2009, c. 213, Pt. BBBB, §9 and affected by §17, is repealed.

**Sec. A-10. 36 MRSA §5125**, as amended by PL 2007, c. 539, Pt. CCC, §§9 to 11, is repealed.

**Sec. A-11. 36 MRSA §5126**, as amended by PL 2001, c. 583, §16, is repealed.

**Sec. A-12. 36 MRSA §5160**, as amended by PL 2003, c. 390, §35, is further amended to read:

### **§5160. Imposition of tax**

The tax is imposed, at the ~~rates~~rate provided by section 5111 ~~for single individuals~~, upon the Maine taxable income of estates and trusts. The tax must be paid by the fiduciary.

**Sec. A-13. 36 MRSA §5192, sub-§2**, as amended by PL 1985, c. 783, §32, is repealed.

**Sec. A-14. 36 MRSA §5203-B**, as amended by PL 2003, c. 673, Pt. JJ, §2 and affected by §6, is repealed.

**Sec. A-15. 36 MRSA §5203-C**, as amended by PL 2005, c. 618, §§7 and 8 and affected by §22, is further amended to read:

### **§5203-C. State minimum tax**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. ~~“Adjusted alternative minimum tax,” for individuals, estates and trusts, means the excess, if any, of the alternative minimum tax over the amount that would have been the alternative minimum tax had only the adjustments and items of preference specified in the Code, Section 53(d)(1)(B)(ii) been taken into account in determining alternative minimum tax. For corporations subject to the tax imposed by this section, “adjusted alternative minimum tax” means alternative minimum tax.~~

B. “Alternative minimum tax” means any excess of tentative minimum tax over the regular income tax.

C. ~~“Alternative minimum taxable income” means tentative alternative minimum taxable income less the applicable exemption amount, except that:~~

~~(1) For taxable corporations with income from business activity that is taxable both within and without this State, "alternative minimum taxable income" means tentative alternative minimum taxable income less the applicable exemption amount, the result of which is multiplied by the fraction described in section 5211, subsection 8; or~~

~~(2) For nonresident estates and trusts with income derived from Maine sources, "alternative minimum taxable income" means tentative alternative minimum taxable income less the applicable exemption amount, the result of which is multiplied by a fraction, the numerator of which is the taxpayer's tentative alternative minimum taxable income from Maine sources and the denominator of which is the taxpayer's total tentative alternative minimum taxable income from all sources.~~

C-1. "Alternative minimum taxable income" for taxable corporations with income from business activity that is taxable both within and without this State means tentative alternative minimum taxable income less the applicable exemption amount, the result of which is multiplied by the fraction described in section 5211, subsection 8.

D. "Exemption amount" means the applicable exemption as provided by the Code, Section 55(d) as of December 31, 2002, except that tentative alternative minimum taxable income as determined under paragraph G must be substituted in the computation of the phase-out under the Code, Section 55(d)(3).

E. "Federal alternative minimum taxable income" means alternative minimum taxable income determined in accordance with the Code, ~~Sections~~Section 55(b)(2) and 59(c).

F. "Regular income tax" means:

~~(1) For resident individuals, estates and trusts, the amount derived by multiplying the applicable tax rate or rates by taxable income under section 5121 or 5163;~~

~~(2) For nonresident individuals, estates and trusts, the amount derived by multiplying the applicable tax rate or rates by taxable income under section 5121 or 5175, the result of which is adjusted for nonresident individuals in accordance with section 5111, subsection 4; or~~

~~(3) For taxable corporations, the amount derived by multiplying the applicable tax rate or rates against Maine net income under section 5102, subsection 8.~~

F-1. "Regular income tax" means the amount derived by multiplying the applicable tax rate or rates against Maine net income under section 5102, subsection 8.

G. "Tentative alternative minimum taxable income" means federal alternative minimum taxable income:

(1) Reduced by income that states are prohibited under federal law from subjecting to income tax to the extent included in federal alternative minimum taxable income;

(2) Reduced by income, loss or deductions by which the State decreases ~~federal adjusted gross income in the case of individuals or federal taxable income in the case of corporations, estates and trusts~~ under section 5122, section 5125, subsection 3 or section 5164, 5176 or 5200-A or as otherwise indicated by law to the extent included in federal alternative minimum taxable income; and

(3) Increased by income, loss or deductions by which the State increases ~~federal adjusted gross income in the case of individuals or federal taxable income in the case of corporations, estates and trusts~~ under section 5122, section 5125, subsection 3 or section 5164, 5176 or 5200-A or as otherwise indicated by law to the extent not included in federal alternative minimum taxable income.

H. "Tentative minimum tax" means:

(1) Except as provided in subparagraph (2), in the case of a taxpayer other than a taxable corporation, the sum of:

(a) An amount equal to 7% of so much of the alternative minimum taxable income as does not exceed \$175,000; plus

(b) An amount equal to 7.6% percent of so much of the alternative minimum taxable income as exceeds \$175,000.

~~For a nonresident individual, the tentative minimum tax must be adjusted in accordance with section 5111, subsection 4.~~

~~(2) In the case of a married individual filing a separate return, the sum of:~~

~~(a) An amount equal to 7% of so much of the alternative minimum taxable income as does not exceed \$87,500; plus~~

~~(b) An amount equal to 7.6% percent of so much of the alternative minimum taxable income as exceeds \$87,500.~~

~~For a nonresident individual, the tentative minimum tax must be adjusted in accordance with section 5111, subsection 4.~~

~~(3) In the case of a taxable corporation, the tentative minimum tax for the taxable year is 5.4% of the alternative minimum taxable income.~~

H-1. "Tentative minimum tax" for the taxable year is 5.4% of the alternative minimum taxable income.

**2. Tax imposed.** In addition to all other taxes contained in this Part, a tax in an amount equal to the alternative minimum tax is imposed for each taxable year on the following taxpayers:

A. Resident individuals, trusts and estates;

B. Nonresident individuals, trusts and estates with Maine source income; and

C. Taxable corporations required to file an income tax return under this Part, excluding financial institutions subject to the tax imposed by chapter 819 and persons not subject to the federal alternative minimum tax under the Code, Section 55(e).

**2-A. Tax imposed.** In addition to all other taxes contained in this Part, a tax in an amount equal to the alternative minimum tax is imposed for each taxable year on taxable corporations required to file an income tax return under this Part, excluding financial institutions subject to the tax imposed by chapter 819 and persons not subject to the federal alternative minimum tax under the Code, Section 55(e).

**3. Credit for tax paid to other taxing jurisdiction.** ~~A resident individual, estate or trust is allowed a credit against the tax otherwise due under this section for the amount of alternative minimum tax imposed on that individual, estate or trust for the taxable year by another state of the United States, a political subdivision of any such state, the District of Columbia or any political subdivision of a foreign country that is analogous to a state of the United States with respect to income derived from sources in that taxing jurisdiction also subject to tax under this section. The credit for any of the specified taxing jurisdictions may not exceed the proportion of the tax otherwise due under this section that the amount of the taxpayer's tentative alternative minimum taxable income derived from sources in that taxing jurisdiction bears to the taxpayer's entire tentative alternative minimum taxable income. When a credit is claimed for alternative minimum taxes paid to both a state and a political subdivision of that state, the total credit allowable for those taxes in the aggregate may not exceed the proportion of the tax otherwise due under this section that the amount of the taxpayer's tentative alternative minimum taxable income derived from sources in the other state bears to the taxpayer's entire tentative alternative minimum taxable income.~~

**4. Minimum tax credit.** A minimum tax credit is allowed as follows.

A. A taxable corporation is allowed a ~~minimum tax credit is allowed~~ against the liability arising under this Part for any taxable year other than withholding tax liability. The minimum tax credit equals the excess, if any, of the adjusted alternative minimum tax, reduced by ~~the credit for tax paid to other jurisdictions determined under subsection 3 and the Pine Tree Development Zone tax credit provided by section 5219-W, that was imposed for all prior taxable years beginning after 2003 over the amount allowable as a credit under this subsection for such prior taxable years, plus unused minimum tax credits from years beginning after 1990.~~

B. The credit allowable for a taxable year under this subsection is limited to the amount, if any, by which the regular income tax after application of all other credits arising under this Part exceeds the tentative minimum tax.

**Sec. A-16. 36 MRSA §5204**, as amended by PL 1987, c. 772, §38, is repealed.

**Sec. A-17. 36 MRSA §5204-A**, as amended by PL 1993, c. 395, §20, is repealed.

**Sec. A-18. 36 MRSA §5216-C, sub-§1**, as enacted by PL 1999, c. 475, §6 and affected by §7, is amended to read:

**1. Credit allowed.** A taxpayer who contributes to a family development account reserve fund as defined in Title 10, section 1075 is allowed a credit against the tax imposed by this Part equal to the lower of:

- A. Twenty-five thousand dollars; ~~or~~ and
- B. Fifty percent of the amount contributed by the taxpayer.

Only one credit may be claimed on each annual income tax return regardless of filing status. The credit allowed under this section may not reduce the tax to less than 0 and must be applied after allowance for all other eligible credits. ~~A taxpayer who claims a credit under this section may not claim an itemized charitable deduction under section 5125 for the amount of the contribution that qualified for the credit.~~

**Sec. A-19. 36 MRSA §5217-A**, as amended by PL 2003, c. 673, Pt. JJ, §4 and affected by §6, is further amended to read:

### **§5217-A. Income tax paid to other taxing jurisdiction**

A resident individual is allowed a credit against the tax otherwise due under this Part, ~~excluding the tax imposed by section 5203-C~~, for the amount of income tax imposed on that individual for the taxable year by another state of the United States, a political subdivision of any such state, the District of Columbia 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 under this Part that is derived from sources in that taxing jurisdiction. In determining whether income is derived from sources in another jurisdiction, the assessor may not employ the law of the other jurisdiction but shall instead assume that a statute equivalent to section 5142 applies in that jurisdiction. The credit, for any of the specified taxing jurisdictions, may not exceed the proportion of the tax otherwise due under this Part, ~~excluding the tax imposed by section 5203-C~~, that the amount of the taxpayer's Maine adjusted gross income derived from sources in that taxing jurisdiction bears to the taxpayer's entire Maine adjusted gross income; except that, when a credit is claimed for taxes paid to both a state and a political subdivision of a state, the total credit allowable for those taxes does not exceed the proportion of the tax otherwise due under this Part, ~~excluding the tax imposed by section 5203-C~~, that the amount of the taxpayer's Maine adjusted gross income derived from sources in the other state bears to the taxpayer's entire Maine adjusted gross income.

**Sec. A-20. 36 MRSA §5218-A** is enacted to read:

### **§5218-A. Household credit**

**1. Credit allowed.** A resident individual is allowed a credit, referred to in this section as "the household credit," against the tax imposed by this Part. Unless the taxpayer elects to calculate the household credit under section 5218-B, the household credit is equal to the amount calculated in this section. An individual filing a return under section 5224-A is not eligible for a credit under this section.

**2. Amount of base credit.** The base household credit is:

- A. For single individuals, \$700;
- B. For unmarried individuals or legally separated individuals who qualify as heads of households, \$1,050;
- C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$1,200;  
and
- D. For married persons filing separate returns, \$600.

**3. Additional credit.** The base household credit is increased by \$250 for each person for whom the individual is entitled to claim an exemption under the Code.

**4. Phaseout of credit.** The household credit calculated under subsections 2 and 3 is reduced by \$1.50 for every \$100 that the individual's taxable income exceeds:

A. For single individuals and married persons filing separate returns, \$27,500;

B. For unmarried individuals or legally separated individuals who qualify as heads of households, \$41,250; and

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$55,000.

**5. Credit refundable.** The household credit allowed under this section is refundable up to \$70 for a married joint return and \$50 for all other returns filed by an individual who is not claimed as a dependent by another individual on a return under the Code.

**6. Adjustment for inflation.** For tax years beginning in 2014 and thereafter, the household credit amounts under subsections 2 and 3 and the credit phaseout thresholds under subsection 4 must be adjusted annually for inflation as provided in chapter 841.

**Sec. A-21. 36 MRSA §5218-B** is enacted to read:

**§5218-B. Alternate calculation of household credit**

**1. General.** A resident individual who has claimed itemized deductions from federal adjusted gross income in determining the individual's federal taxable income for the taxable year may elect to calculate the household credit as provided in this section instead of under section 5218-A. An individual filing a return under section 5224-A is not eligible for a credit under this section. The credit calculated under this section is referred to in this section as "the alternate household credit."

**2. Base.** The alternate household credit is calculated by modifying the individual's total federal itemized deductions by:

A. Reducing the total by any amount attributable to income taxes or sales and use taxes imposed by this State or any other taxing jurisdiction;

B. Increasing the total by any amount of interest or expense incurred in the production of income taxable under this Part but exempt from federal income tax that was not deducted in determining the individual's federal taxable income;

C. Reducing the total by any amount of deduction attributable to income taxable to financial institutions under chapter 819;

D. Reducing the total by any amount attributable to interest or expenses incurred in the production of income exempt from tax under this Part; and

E. Reducing the total by any amount attributable to a contribution that qualified for and was actually used as a credit under section 5216-C.

**3. Amount of base alternate household credit.** The base alternate household credit is 5.5% of the individual's federal itemized deductions modified under subsection 2 plus:

A. For single individuals and married persons filing separate returns, \$400;

B. For unmarried individuals or legally separated individuals who qualify as heads of households, \$600; and

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, \$800.

**4. Additional credit.** The base alternate household credit, as adjusted under subsection 5, is increased by \$250 for each person for whom the individual is entitled to claim an exemption under the Code.

**5. Maximum base alternate household credit.** An individual's base alternate household credit may not exceed:

A. For individuals filing as single or for married individuals filing separately, \$1,150;

B. For individuals filing as heads of households, \$1,750; or

C. For married individuals filing jointly, \$2,300.

**6. Phaseout; refundability.** An alternate household credit calculated under this section is subject to the phaseout and refundability provisions of section 5218-A, subsections 4 to 6. The maximum alternate household credit amounts under subsection 5 must be adjusted annually for inflation as provided in chapter 841.

**Sec. A-22. 36 MRSA §5218-C** is enacted to read:

**§5218-C. Credit for certain charitable contributions**

A credit is allowed against the tax otherwise due under this Part for certain charitable contributions. The credit equals 5% of the amount of charitable contributions claimed on a federal return, excluding deductions carried over from prior years, that exceeds \$250,000.

**Sec. A-23. 36 MRSA §5218-D** is enacted to read:

**§5218-D. Elderly credit**

A credit is allowed in the amount of \$60 for each taxpayer who is 65 years of age or older or \$120 for a married joint return if both spouses are 65 years of age or older. The credit is reduced by \$2 for every \$100 of adjusted gross income over \$32,000 for single filers, \$52,000 on a married joint return, \$48,000 on a head of household return and \$26,000 on a married filing separately return.

**Sec. A-24. 36 MRSA §5219-A**, as amended by PL 2003, c. 390, §§46 and 47, is repealed.

**Sec. A-25. 36 MRSA §5219-H, sub-§2**, as repealed and replaced by PL 2003, c. 673, Pt. F, §1 and affected by §2, is amended to read:

**2. Meaning of tax liability.** Whenever a credit provided for in chapter 822 is limited by reference to tax liability, "tax liability" means the tax liability for all taxes under this Part, except ~~the minimum tax imposed by section 5203-C~~ and the taxes imposed by chapter 827.

**Sec. A-26. 36 MRSA §5219-N**, as amended by PL 2003, c. 673, Pt. JJ, §5 and affected by §6, is repealed.

**Sec. A-27. 36 MRSA §5219-S, sub-§4**, as enacted by PL 2007, c. 693, §31, is repealed and the following enacted in its place:

**4. Limitation.** For tax years beginning before January 1, 2010, the credit allowed by this section may not reduce the Maine income tax to less than zero. For tax years beginning on or after January 1, 2010, the credit allowed by this section is refundable after application of all other credits under this chapter excluding the refundable portion of the income tax credit for child care expenses under section 5218, subsection 4, up to a maximum refundable amount under this section of \$150 for individuals filing married joint returns and \$125 for all other taxpayers reduced by the refundable household credit amount determined under section 5218-A or section 5218-B. The refundable portion of the credit under this subsection is limited to the applicable ratio as determined for nonresidents and part-year residents under subsections 2 and 3.

**Sec. A-28. 36 MRSA §5224-A**, as amended by PL 1989, c. 596, Pt. J, §5, is further amended to read:

**§5224-A. Tax return of part-year resident**

If an individual changes that individual's status as a resident individual or nonresident individual during the taxable year, the individual shall file a nonresident return pursuant to section 5220, subsection 2. That individual's tax ~~shall~~**must** be computed, pursuant to section 5111, ~~subsection 4~~, as if that individual were a nonresident individual, except that the numerator of the apportionment ratio ~~shall be~~**is** comprised of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph A, for the portion of the taxable year during which that individual was a resident, plus that individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B, for the portion of the taxable year during which that individual was a nonresident. The part-year resident ~~shall~~**is** also ~~be~~ entitled to the credit provided by section 5217-A, computed as if the individual's Maine adjusted gross income for the entire year were comprised only of that portion ~~which that~~**that** is attributed to the portion of the year during which that individual was a resident.

**Sec. A-29. 36 MRSA §5250, sub-§2**, as amended by PL 1997, c. 668, §§36 and 37, is repealed.

**Sec. A-30. 36 MRSA §5250, sub-§5** is enacted to read:

**5. Adjustment for household credit.** The withholding amounts determined by the assessor under subsection 1 must take into account the effect of the household credit under section 5218-A.

**Sec. A-31. 36 MRSA §5275, sub-§1**, as enacted by P&SL 1969, c. 154, §F, is amended to read:

**1. An amount less than wages.** As the amount of the wages shown on his ~~the individual's~~ return for any taxable year an amount less than such wages actually shown, ~~or the individual must pay a fine of \$50 for the statement, unless:~~

A. Such statement did not result in a decrease in the amounts deducted and withheld; or

B. The taxes imposed with respect to the individual under this Part for the succeeding taxable year do not exceed the sum of the payments of estimated tax that are considered payments on account of such taxes.

**Sec. A-32. 36 MRSA §5275, sub-§2**, as amended by PL 1979, c. 378, §44, is repealed.

**Sec. A-33. 36 MRSA §5401**, as enacted by IB 1983, c. 2, §4, is amended to read:

### **§5401. Findings and purpose**

Inflation erodes the value of ~~personal exemptions and deductions provisions~~ in the Maine individual income tax structure intended to moderate the impact of state and local taxes and distorts fiscal equity among taxpayers. Inflation-induced increases in individual income tax revenues result in annual collections that exceed the amounts anticipated by legislative actions establishing rates, exemptions, deductions and other features of the Maine individual income tax. Furthermore, the income tax laws of this State, in combination with economic inflation, have caused inequitable treatment of the taxpayers because the application of inflexible, statutorily prescribed rates of tax, standard deduction and personal exemption to increasing personal incomes has resulted in increasing the taxpayer's tax liability while the ~~taxpayer's~~ taxpayer's purchasing power has remained the same or, in some instances, has decreased. It is the purpose of this Act to correct this situation by requiring that certain components of the individual income tax structure be adjusted in order to compensate for the impact of inflation.

**Sec. A-34. 36 MRSA §5402, sub-§1-B**, as enacted by PL 1999, c. 731, Pt. T, §8 and affected by §11, is amended to read:

**1-B. Cost-of-living adjustment.** The "cost-of-living adjustment" for any calendar year is the Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Consumer Price Index for the 12-month period ending June 30, ~~2004~~2012.

**Sec. A-35. 36 MRSA §5403**, as amended by PL 2009, c. 213, Pt. WWW, §1 and affected by §2, is further amended to read:

### **§5403. Annual adjustments for inflation**

Beginning in ~~2002~~2013, and each subsequent calendar year thereafter, on or about September 15th, the State Tax Assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the ~~tax rate tables specified in section 5111, subsections 1-B, 2-B and 3-B~~ base household credit amounts under section 5218-A, subsection 2, the additional credit amount under section 5218-A, subsection 3, the credit phaseout thresholds under section 5218-A, subsection 4, the refundable limits under section 5218-A, subsection 5, the base alternate household credit amounts under section 5218-B, subsection 3, the additional credit amount under section 5218-B, subsection 4 and the maximum base alternate household credit amounts under section 5218-B, subsection 5. If the dollar amounts ~~of each rate bracket~~ for each base household credit amount under section 5218-A, subsection 2, each base alternate household credit amount under section 5218-B, subsection 3 or each maximum base alternate household credit amount under section 5218-B, subsection 5, adjusted by application of the cost-of-living adjustment, are not multiples of \$50~~\$25~~, any increase must be rounded to the next lowest multiple of ~~\$50~~\$25. If the dollar amounts for the additional credit under section 5218-A, subsection 3, the refundable limits under section 5218-A, subsection 5 or the additional credit under section 5218-B, subsection 4, adjusted by application of the cost-of-living adjustment, are not multiples of \$5, any increase must be rounded to the next lowest multiple of \$5. If the dollar amounts for the credit phaseout thresholds under section 5218-A,

subsection 4, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year would be less than the cost-of-living adjustment for the preceding calendar year, the cost-of-living adjustment is the same as for the preceding calendar year. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year.

~~Beginning in 2009 and each subsequent calendar year thereafter, the assessor shall reduce the cost-of-living adjustment by an amount that increases estimated noncorporate income tax revenue by \$10,500,000 for that calendar year using as a benchmark the most recent revenue projections of the Revenue Forecasting Committee established in Title 5, section 1710-E.~~

**Sec. A-36. Legislative intent.** It is the intent of the Legislature that the household credit provided under the Maine Revised Statutes, Title 36, section 5218-A and section 5218-B is to provide relief to low-income and middle-income persons from the disproportionate cost of living in this State including the high cost of heating oil and the heavy reliance of the citizens of the State on heating oil, which is the highest in the nation; the high cost of transportation and the limited availability of public transportation; the disproportionate state and local tax burden, including the extension of sales tax to services; and the high rate of local property taxes that contribute to household costs.

**Sec. A-37. Report; authority for legislation.** As soon as possible but no later than November 1, 2011, the State Tax Assessor shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters that includes 2010 tax data and revenue projections and shows the actual impact of this Act in 2010 and the projected impact of this Act in 2011 and 2012 on revenues and tax progressivity resulting from the changes in the tax laws effected by this Act.

The committee may submit legislation to the Second Regular Session of the 125th Legislature to adjust the household credit and alternative household credit to maintain revenue neutrality and to ensure that any revenue that exceeds revenue neutrality is used to increase the household and alternative household credits. The legislation may also include changes to the Maine Residents Property Tax Program as a means of providing tax relief.

**Sec. A-38. Effective date; application.** This Part takes effect January 1, 2010 and applies to income tax years beginning on or after January 1, 2010.

## PART B

**Sec. B-1. 5 MRSA §13090-K, sub-§2,** as enacted by PL 2001, c. 439, Pt. UUUU, §1, is amended to read:

**2. Source of fund.** ~~Beginning July 1, 2003 and every~~Every July 1st ~~thereafter,~~ the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to ~~5%6%~~ of the ~~7%8.5%~~ tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5. ~~Beginning on October 1, 2003 and every~~Every October 1st ~~thereafter,~~ the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to ~~5%6%~~ of the ~~7%8.5%~~ tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund.

**Sec. B-2. 10 MRSA §1305,** as amended by PL 1997, c. 668, §1, is further amended to read:

### **§1305. Terminal rental adjustment clauses; vehicle leases that are not sales or security interests**

Notwithstanding any other provision of law, in the case of motor vehicles or trailers, a transaction does not create a sale or security interest merely because the agreement provides that the rental price is permitted or required to be adjusted upward or downward by reference to the amount realized upon sale or other disposition of the motor vehicle or trailer. ~~A transaction may be considered a sale for purposes of Title 36.~~

**Sec. B-3. 23 MRSA §4210-B, sub-§7**, as enacted by PL 2007, c. 677, §1, is amended to read:

**7. Sales tax revenue.** Beginning July 1, 2009 and every July 1st thereafter, the State Controller shall transfer to the STAR Transportation Fund an amount, as certified by the State Tax Assessor, that is equivalent to ~~50%~~40% of the revenue from the tax imposed on the value of rental for a period of less than one year of an automobile pursuant to Title 36, section 1811 for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund under Title 30-A, section 5681, subsection 5. Beginning on October 1, 2009 and every October 1st thereafter, the State Controller shall transfer to the STAR Transportation Fund an amount, as certified by the State Tax Assessor, that is equivalent to ~~50%~~40% of the revenue from the tax imposed on the value of rental for a period of less than one year of an automobile pursuant to Title 36, section 1811 for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund.

**Sec. B-4. 36 MRSA §1752, sub-§1-I** is enacted to read:

**1-I. Administrative support operations.** “Administrative support operations” means secretarial activities and supervision of administrative support staff; bookkeeping and accounting services; customer assistance activities; purchasing and receiving activities; human resources activities; and executive, tax compliance and legal support activities.

**Sec. B-5. 36 MRSA §1752, sub-§1-J** is enacted to read:

**1-J. Amusement, entertainment and recreation services.** “Amusement, entertainment and recreation services” is defined pursuant to this subsection.

A. “Amusement, entertainment and recreation services” means the following:

- (1) Admission fees to entertainment venues and performances, including theaters, movies, lectures, concerts, festivals, amusement parks, water parks, fairgrounds, except for licensed agricultural fairs, race tracks, carnivals, circuses, sports activities, stadiums, amphitheaters, museums, planetariums, animal parks, petting zoos, aquariums, historical sites and convention centers;
- (2) Fees charged for participation in or entry to miniature golf courses, billiard parlors, go-cart courses and paintball;
- (3) Admission fees charged for exhibition shows such as auto, boat, camping, home, garden, animal and antique shows;
- (4) Fees charged for scenic and sight-seeing excursions including aircraft, helicopter, balloon, blimp, watercraft, railroad, bus, trolley and wagon rides, whitewater rafting and guided recreation, but excluding scenic and sight-seeing excursions on federally navigable waters; and
- (5) Entertainment services such as those provided by bands, orchestras, disc jockeys, comedians, clowns, jugglers, children’s entertainers and ventriloquists.

B. “Amusement, entertainment and recreation services” does not include:

- (1) Fees charged for admission to a licensed agricultural fair or charges for participation in any events or activities occurring at the fair organized by a school or incorporated nonprofit organization if all the proceeds from the event or activity are used for the charitable purposes of the school or organization;
- (2) Fees charged by health clubs and fitness centers;
- (3) Fees charged for lessons or training in dance, music, theater, arts and gymnastics, martial arts and other athletic pursuits; or
- (4) Fees charged for admission to:
  - (a) Museums and aquariums operated by a governmental entity or incorporated, nonprofit organization;

(b) Concerts, dance productions, theatrical productions, sports activities or similar events or activities organized and performed by a school or incorporated, nonprofit organization, if all proceeds of the event or activity are used for the charitable purposes of that school or organization; or

(c) Festivals and special events organized by governmental entities, schools or incorporated, nonprofit organizations if all the proceeds of the festival or special event are directed to support a charitable purpose.

**Sec. B-6. 36 MRSA §1752, sub-§1-K** is enacted to read:

**1-K. Candy.** “Candy” means a preparation of sugar, honey or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops or pieces and that does not contain flour or require refrigeration.

**Sec. B-7. 36 MRSA §1752, sub-§2-F** is enacted to read:

**2-F. Fabrication facility.** “Fabrication facility” means a site consisting of at least 35 acres at which the primary business is the performance of fabrication services and any activities associated with or in support of fabrication services.

**Sec. B-8. 36 MRSA §1752, sub-§2-G** is enacted to read:

**2-G. Fabrication services.** “Fabrication services” means the production of tangible personal property for a consideration for a person who furnishes, either directly or indirectly, the materials used in that production.

**Sec. B-9. 36 MRSA §1752, sub-§4-A** is enacted to read:

**4-A. Installation, repair or maintenance services.** “Installation, repair or maintenance services” is defined pursuant to this subsection.

**A. “Installation, repair or maintenance services” means:**

(1) All services involved in the installation, repair or maintenance of jewelry, cameras, guns, musical instruments, electronic and mechanical equipment, lawn and garden equipment, computer hardware and office equipment, vehicles and appliances;

(2) Service and maintenance contracts with regard to personal property identified in subparagraph (1);

(3) Tailoring and clothing and shoe repair; and

(4) Furniture repair and restoration.

**B. “Installation, repair or maintenance services” does not include:**

(1) Services performed on tangible personal property used or held for use at or located at a manufacturing facility or fabrication facility, other than tangible personal property used in administrative support operations; or

(2) Services involved in the installation, repair or maintenance of computer software, special mobile equipment, aircraft, watercraft or a truck or truck tractor registered in the name of a business as a commercial motor vehicle under Title 29-A, section 504.

**Sec. B-10. 36 MRSA §1752, sub-§5-D** is enacted to read:

**5-D. Lease or rental.** “Lease” or “rental” includes sublease or subrental and means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

**A. “Lease” or “rental” includes agreements covering motor vehicles and trailers when the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property, as defined in Section 7701(h)(1) of the Code.**

**B. “Lease” or “rental” does not include:**

(1) Any transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments;

(2) Any transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments and payment of an option price that does not exceed the greater of \$100 and 1% of the total required payments; or

(3) Providing tangible personal property along with an operator for a fixed or indeterminate period of time. A condition of this exclusion is that the operator is necessary for the equipment to perform as designed. For the purpose of this paragraph, an operator must do more than maintain, inspect or set up the tangible personal property.

**Sec. B-11. 36 MRS §1752, sub-§8-A**, as repealed and replaced by PL 2001, c. 439, Pt. TTTT, §1 and affected by §3, is amended to read:

**8-A. Prepared food.** “Prepared food” means:

A. Meals served on or off the premises of the retailer;

B. Food and drinks that are prepared by the retailer and ready for consumption without further preparation; ~~and~~

C. 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; and

D. Candy.

“Prepared food” does not include bulk sales of grocery staples.

**Sec. B-12. 36 MRS §1752, sub-§8-C** is enacted to read:

**8-C. Personal property services.** “Personal property services” means the following services related to personal property: dry cleaning; laundry and diaper services not including self-service laundry services; embroidery and monogramming; car washing; pressure cleaning and washing; pet services such as exercising, sitting, training, grooming and boarding for nonmedical purposes; picture framing; domestic services, including house cleaning and furniture and rug cleaning; interior decoration; meal preparation; butchering; art restoration; warehousing and storage, including rental of storage units and warehouse space, but not including warehousing and storage services provided to a business; moving services; vehicle towing; and boat mooring. “Personal property services” does not include fabrication services; installation, repair or maintenance services; services performed on tangible personal property used or held for use at or located at a manufacturing facility or fabrication facility, other than tangible personal property used in administrative support operations; or services performed on aircraft including refurbishing of aircraft.

**Sec. B-13. 36 MRS §1752, sub-§11**, as amended by PL 2007, c. 627, §42 and affected by §96 and amended by c. 693, §14, is repealed.

**Sec. B-14. 36 MRS §1752, sub-§11-A** is enacted to read:

**11-A. Retail sale.** “Retail sale” means any sale, lease or rental of tangible personal property or a taxable service in the ordinary course of business.

A. “Retail sale” includes:

(1) Sale of products for internal human consumption to a person for resale through vending machines when sold to 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 tax must be paid by the retailer to the State;

(2) A sale in the ordinary course of business by a retailer to a purchaser who is not engaged in selling that kind of tangible personal property or taxable service in the ordinary course of repeated and successive transactions of like character; and

(3) The sale or liquidation of a business or the sale of substantially all of the assets of a business, to the extent that the seller purchased the assets of the business for resale, lease or rental in the ordinary course of business, except when:

(a) The sale is to an affiliated entity and the transferee, or ultimate transferee in a series of transactions among affiliated entities, purchases the assets for resale, lease or rental in the ordinary course of business; or

(b) The sale is to a person that purchases the assets for resale, lease or rental in the ordinary course of business or that purchases the assets for transfer to an affiliate, directly or through a series of transactions among affiliated entities, for resale, lease or rental by the affiliate in the ordinary course of business.

For purposes of this subparagraph, “affiliate” or “affiliated” includes both direct and indirect affiliates.

**B. “Retail sale” does not include:**

(1) Any casual sale;

(2) Any sale by a personal representative in the settlement of an estate, unless the sale is made through a retailer or unless the sale is made in the continuation or operation of a business;

(3) The sale of loaner vehicles to a new vehicle dealer licensed as such pursuant to Title 29-A, section 953;

(4) The sale of labor and parts used in the performance of repair services under a service or maintenance contract sold on or after January 1, 2010;

(5) The sale, to a retailer that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C, of tangible personal property for resale in the form of tangible personal property, except resale as a casual sale;

(6) The sale, to a retailer that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C, of a taxable service for resale, except resale as a casual sale;

(7) The sale, to a retailer that is not required to register under section 1754-B, of tangible personal property for resale outside the State in the form of tangible personal property, except resale as a casual sale;

(8) The sale, to a retailer that is not required to register under section 1754-B, of a taxable service for resale outside the State, except resale as a casual sale; or

(9) The sale, to a person engaged in the business of renting or leasing tangible personal property, of tangible personal property for lease or rental except for property located at a manufacturing or fabrication facility.

**Sec. B-15. 36 MRSA §1752, sub-§11-B** is enacted to read:

**11-B. Retirement facility.** “Retirement facility” means a facility that includes residential dwelling units where, on an average monthly basis, at least 80% of the residents of the facility are persons 62 years of age or older.

**Sec. B-16. 36 MRSA §1752, sub-§13**, as amended by PL 1981, c. 706, §20, is further amended to read:

**13. Sale.** “Sale” means any transfer, exchange or barter, in any manner or by any means whatsoever, for a consideration and includes leases and contracts payable by rental or license fees for the right of possession and use, but only when such leases and contracts are deemed by the State Tax Assessor to be in lieu of purchase lease or rental of tangible personal property.

**Sec. B-17. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2007, c. 627, §43, is further amended to read:

**B. “Sale price” does not include:**

(1) Discounts allowed and taken on sales;

(2) Allowances in cash or by credit made upon the return of merchandise pursuant to warranty;

- (3) The price of property returned by customers, when the full price is refunded either in cash or by credit;
- ~~(4) The price received for labor or services used in installing or applying or repairing the property sold, if separately charged or stated;~~
- (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, restaurant or other eating establishment to its employees as wages;
- (6) The amount of any tax imposed by the United States on or with respect to retail sales, whether imposed upon the retailer or the consumer, except any manufacturers', importers', alcohol or tobacco excise tax;
- (7) The cost of transportation from the retailer's place of business or other point from which shipment is made directly to the purchaser, provided that those charges are separately stated and the transportation occurs by means of common carrier, contract carrier or the United States mail;
- (8) The fee imposed by Title 10, section 1169, subsection 11;
- (9) The fee imposed by section 4832, subsection 1;
- (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection 2-B;
- (11) Any amount charged or collected by a person engaged in the rental of living quarters as a forfeited room deposit or cancellation fee if the prospective occupant of the living quarters cancels the reservation on or before the scheduled date of arrival; or
- (12) The premium on motor vehicle oil changes imposed by Title 10, section 1020, subsection 6.

**Sec. B-18. 36 MRSA §1752, sub-§14-F** is enacted to read:

**14-F. Soft drink.** "Soft drink" means any nonalcoholic beverage that contains natural or artificial sweeteners. "Soft drink" does not include any beverage that contains milk or milk products, greater than 50% of vegetable or fruit juice by volume or flavored or unflavored soy milk, rice milk, almond milk, grain milk and similar milk substitutes.

**Sec. B-19. 36 MRSA §1752, sub-§17-B**, as amended by PL 2007, c. 410, §2 and affected by §6, is repealed and the following enacted in its place:

**17-B. Taxable service.** "Taxable service" means:

- A. Rental of living quarters in a hotel, rooming house or tourist or trailer camp;
- B. Transmission and distribution of electricity;
- C. Rental or lease of tangible personal property;
- D. Sale of prepaid calling service;
- E. Amusement, entertainment and recreation services;
- F. Installation, repair and maintenance services;
- G. Personal property services; and
- H. Transportation and courier services.

**Sec. B-20. 36 MRSA §1752, sub-§20-B** is enacted to read:

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

**Sec. B-21. 36 MRSA §1752, sub-§21**, as amended by PL 2005, c. 215, §17, is further amended to read:

**21. Use.** "Use" includes the exercise in this State of any right or power over tangible personal property incident to its ownership, including the derivation of income, whether received in money or in the form of other

benefits, by a lessor from the rental of ~~tangible personal property~~ property located at a manufacturing or fabrication facility located in this State.

**Sec. B-22. 36 MRSA §1754-B, sub-§1, ¶C**, as enacted by PL 1995, c. 640, §3, is amended to read:

C. Every lessor engaged in the leasing of tangible personal property located in this State ~~that does not maintain a place of business in this State but makes retail sales to purchasers from this State;~~

**Sec. B-23. 36 MRSA §1758**, as repealed and replaced by PL 1999, c. 708, §24, is repealed.

**Sec. B-24. 36 MRSA §1760, sub-§6, ¶E**, as amended by PL 2007, c. 529, §2, is further amended to read:

E. Served by colleges to employees of the college when the meals are purchased with debit cards issued by the colleges; ~~and~~

**Sec. B-25. 36 MRSA §1760, sub-§6, ¶F**, as amended by PL 2009, c. 211, Pt. B, §30, is further amended to read:

F. Served by youth camps licensed by the Department of Health and Human Services and defined in Title 22, section 2491, subsection 16-; and

**Sec. B-26. 36 MRSA §1760, sub-§6, ¶G** is enacted to read:

G. Served by a retirement facility to its residents when the cost of the meals is included in a comprehensive fee that includes the right to reside in a residential dwelling unit and meals or other services, whether that fee is charged annually, monthly, weekly or daily.

**Sec. B-27. 36 MRSA §1760, sub-§32-A** is enacted to read:

**32-A. Services to certain machinery and equipment.** Sales of taxable services performed on machinery and equipment exempt from sales tax under subsections 29 to 32 or subsection 87 or that is eligible for refund or exemption under section 2013.

**Sec. B-28. 36 MRSA §1760, sub-§45**, as amended by PL 2007, c. 691, §1 and affected by §2, is further amended to read:

**45. Certain property purchased outside State.** Sales of property purchased and used by the present owner outside the State:

A. If the property is an automobile, as defined in Title 29-A, section 101, subsection 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;

A-1. 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;

A-2. If the property is a snowmobile or all-terrain vehicle as defined in Title 12, section 13001 and the purchaser is an individual who is not a resident of the State;

A-3. If the property is an aircraft not exempted under subsection 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. For the purposes of this paragraph, 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, and 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; or

B. 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 subsection, "use" does not include storage but means actual use of the property for a purpose consistent with its design. This exemption does not apply to leased property.

**Sec. B-29. 36 MRSA §1760, sub-§82-A** is enacted to read:

**82-A. Sales of taxable services delivered outside this State.** Sales of taxable services performed on or with respect to tangible personal property located outside this State or when the property is brought into this State for performance of the services, and, following the performance of the services, 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 for use solely outside this State.

**Sec. B-30. 36 MRSA §1760, sub-§92** is enacted to read:

**92. Certain services.** Sales of services that are subject to taxation under chapter 358.

**Sec. B-31. 36 MRSA §1760, sub-§93** is enacted to read:

**93. Certain taxable services.** The sale of a taxable service sold by a person that has made sales taxable under this Part during the most recent calendar year of no more than \$5,000.

**Sec. B-32. 36 MRSA §1760, sub-§94** is enacted to read:

**94. Services to affiliates.** Sales of installation, repair or maintenance services made between affiliated taxpayers that are engaged in a unitary business as defined in section 5102, subsection 10-A.

**Sec. B-33. 36 MRSA §1760-C**, as amended by PL 2007, c. 437, §11, is further amended to read:

#### **§1760-C. Exempt activities**

The tax exemptions provided by section 1760 to a person based upon its charitable, nonprofit or other public purposes apply only if the property or service purchased is intended to be used by the person primarily in the activity identified by the particular exemption. The tax exemptions provided by section 1760 to a person based upon its charitable, nonprofit or other public purposes do not apply where title is held or taken by the person as security for any financing arrangement. Exemption certificates issued by the State Tax Assessor pursuant to section 1760 must identify the exempt activity and must state that the certificate may be used by the holder only when purchasing property or services intended to be used by the holder primarily in the exempt activity. If the holder of an exemption certificate furnishes that certificate to a person for use in purchasing tangible personal property or taxable services that are physically incorporated in, and become a permanent part of, real property that is not used by the holder of the certificate primarily in the exempt activity, the State Tax Assessor may assess the unpaid tax against the holder of the certificate as provided in section 141. When an otherwise qualifying person is engaged in both exempt and nonexempt activities, an exemption certificate may be issued to the person only if the person has established to the satisfaction of the assessor that the applicant has adequate accounting controls to limit the use of the certificate to exempt purchases. The tax exemptions provided by section 1760 to a person based upon its charitable, nonprofit or other public purposes, except for those exemptions provided in section 1760, subsection 6, do not apply to the sale of meals or lodging or the rental of automobiles.

**Sec. B-34. 36 MRSA §1763**, as amended by PL 2007, c. 693, §16, is further amended to read:

#### **§1763. Presumptions**

The burden of proving that a transaction was not taxable is on the person charged with tax liability. The presumption that a sale was not for resale may be overcome during an audit or upon reconsideration if the seller proves that the purchaser was the holder of a currently valid resale certificate as provided in section 1754-B at the time of the sale or proves through other means that the property purchased was purchased for resale by the purchaser in the ordinary course of business. Notwithstanding section 1752, subsection 411-A, paragraph B, if the seller satisfies the seller's burden of proof, the sale is not considered a retail sale.

**Sec. B-35. 36 MRSA §1811, first ¶**, as repealed and replaced by PL 2007, c. 627, §51 and affected by §96, is amended to read:

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is ~~7%~~8.5% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; ~~7%~~8.5% on the value of rental of living quarters in any hotel, rooming house or tourist ~~or trailer~~ camp; 7% on the value of rental of living quarters in a trailer camp; ~~40%~~12.5% on the value of rental for a period of less than one year of an automobile, including a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; ~~7%~~8.5% on the value of prepared food; and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided. The value of rental for a period of less than one year of an automobile is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.

**Sec. B-36. 36 MRSA §1811, 3rd ¶**, as repealed and replaced by PL 2003, c. 510, Pt. C, §12 and affected by §13, is repealed.

**Sec. B-37. 36 MRSA §1812, sub-§1**, as reallocated by PL 1999, c. 790, Pt. A, §48, is repealed and the following enacted in its place:

**1. Computation.** Every retailer must add the sales tax imposed by section 1811 to the sale price on all sales of tangible personal property and taxable services that are subject to tax under this Part. The tax when so added is a debt of the purchaser to the retailer until it is paid and is recoverable at law by the retailer from the purchaser in the same manner as the sale price. When the sale price involves a fraction of a dollar, the tax computation must be carried to the 3rd decimal place, then rounded down to the next whole cent whenever the 3rd decimal place is one, 2, 3 or 4 and rounded up to the next whole cent whenever the 3rd decimal place is 5, 6, 7, 8 or 9.

**Sec. B-38. 36 MRSA §1812, sub-§2**, as amended by PL 1991, c. 846, §24, is further amended to read:

**2. Several items.** When several purchases are made together and at the same time, the tax ~~must~~may be computed on each item individually or on the total amount of the several items, ~~except that purchases taxed at different rates must be separately totaled~~as the retailer may elect.

**Sec. B-39. 36 MRSA §1817** is enacted to read:

**§1817. Accelerated payment of tax on leases and rentals**

Except as provided in section 1818, the tax imposed by this Part on the rental or lease of tangible personal property must be collected by the lessor at the time the property that is the subject of the lease is delivered to the lessee or at the time the initial payment under the lease is required to be made by the lessee, whichever is earlier, on the basis of the total amount of the consideration to be paid by the lessee under the terms of the lease agreement. If the total amount of the consideration for the lease includes amounts that are not calculated at the time the lease is executed, the tax attributable to those amounts must be collected by the lessor at the time those amounts are billed to the lessee. In the case of an open-end lease, the tax must be collected by the lessor on the basis of the total amount to be paid during the initial fixed term of the lease, and then for each subsequent renewal period as it comes due. For purposes of this section, "consideration" includes, without limitation, the amount of any down payment, trade-in credit or 3rd-party rebate that is applied to reduce the cost of the leased property upon which the lease payments are computed. This section does not apply to a lease associated with a sale and leaseback transaction when that sale and leaseback occurs within 90 days of the lessee's original purchase of the equipment.

**Sec. B-40. 36 MRSA §1818** is enacted to read:

**§1818. Leases and rentals of manufacturing or fabrication facility property**

With regard to property located at a manufacturing or fabrication facility, the tax imposed by this Part must be paid by the lessor based on the acquisition cost of the machinery or equipment. Lease or rental

payments by the lessee or renter are not subject to tax under this Part.

**Sec. B-41. 36 MRSA §1861**, as amended by PL 1995, c. 640, §6, is further amended to read:

**§1861. Imposition**

A tax is imposed, at the ~~respective~~ rate provided in section 1811, on the storage, use or other consumption in this State of tangible personal property or a taxable service, the sale of which would be subject to tax under section 1764 or 1811. Every person so storing, using or otherwise consuming is liable for the tax until the person has paid the tax or has taken a receipt from the seller, as duly authorized by the assessor, showing that the seller has collected the sales or use tax, in which case the seller is liable for it. Retailers registered under section 1754-B or 1756 shall collect the tax and make remittance to the assessor. The amount of the tax payable by the purchaser is that provided in the case of sales taxes by section 1812. When tangible personal property is leased outside the State and subsequently brought into the State, the tax due under this section is the proportion of the tax otherwise due under this Part that the remaining portion of the lease bears to the entire term of the lease. When tangible personal property purchased for resale is withdrawn from inventory by the retailer for the retailer's own use, use tax liability accrues at the date of withdrawal.

**Sec. B-42. 36 MRSA §1862**, as amended by PL 1987, c. 772, §24, is further amended to read:

**§1862. Taxes paid in other jurisdictions**

The ~~use tax provisions of chapters 211 to 225 shall imposed by this Part does not apply with respect to~~ the use, storage or other consumption in this State of purchases outside the State where the purchaser has paid a sales or use tax equal to or greater than the amount imposed by ~~chapters 211 to 225~~ this Part in another taxing jurisdiction, ~~the proof of payment of the tax to be according to rules made by the State Tax Assessor.~~ If the amount of sales or use tax paid in another taxing jurisdiction is not equal to or greater than the amount of tax imposed by ~~chapters 211 to 225~~ this Part, then the purchaser shall pay to the State Tax Assessor an amount sufficient to make the total amount of tax paid in the other taxing jurisdiction and in this State equal to the amount imposed by ~~chapters 211 to 225~~ this Part. When tangible personal property is leased outside the State and subsequently brought into the State, the credit allowed under this section may not exceed the proportion of the tax otherwise due under this Part that the period for which the property was leased in the other taxing jurisdiction bears to the entire term of the lease.

**Sec. B-43. 36 MRSA §2020** is enacted to read:

**§2020. Removal from the State of leased property**

If leased property with respect to which the tax imposed by this Part has been paid on an accelerated basis is permanently removed from the State, the lessee is entitled to a refund of the tax allocable to that portion of the lease that remains in effect after the property has been removed from the State. A refund may not be issued unless the taxing jurisdiction to which the property is removed allows a corresponding refund or does not impose tax on any portion of the lease of property that remains after the property is removed from that taxing jurisdiction. A refund may not be issued if the other taxing jurisdiction allows a credit to the lessee for the sales or use tax paid in this State on the lease transaction. The refund must be requested in accordance with the provisions of section 2011.

**Sec. B-44. 36 MRSA §2021** is enacted to read:

**§2021. Early termination of lease**

If a lease on property with respect to which the tax imposed by this Part has been paid on an accelerated basis is terminated by the lessee before the expiration of the lease term, the lessee is entitled to a refund of the tax allocable to that portion of the remaining lease payments. A refund may not be issued if the early termination is the result of an option to purchase the leased property or the lease has been terminated due to nonpayment.

**Sec. B-45. 36 MRSA §2551, sub-§1**, as enacted by PL 2003, c. 673, Pt. V, §25 and affected by §29, is repealed.

**Sec. B-46. 36 MRSA §2557, sub-§33**, as enacted by PL 2007, c. 627, §74, is amended to read:

**33. International telecommunications service.** Sales of international telecommunications service to a business; and

**Sec. B-47. 36 MRSA §2557, sub-§34**, as enacted by PL 2007, c. 627, §75, is amended to read:

**34. Interstate telecommunications service.** Sales of interstate telecommunications service to a business.

**Sec. B-48. 36 MRSA c. 720** is enacted to read:

## **CHAPTER 720**

### **AIRPORT TRANSPORTATION FEE**

#### **§4851. Airport transportation fee imposed**

A fee of \$1 per passenger is imposed on a taxicab operator or a limousine operator, not subject to sales tax under Part 3, for each conveyance originating from or terminating at a commercial airport.

#### **§4852. Administration**

The fee imposed by this chapter is administered as provided in chapter 7 and Part 3, with the fee imposed pursuant to this chapter to be considered as imposed under Part 3.

**Sec. B-49. Rules.** The State Tax Assessor, no later than November 1, 2009, shall develop informational bulletins for affected businesses describing in detail the sales tax changes contained in this Part. When developing this information the State Tax Assessor shall consult with and be guided by the Joint Standing Committee on Taxation. The State Tax Assessor shall concurrently adopt major substantive rules to implement the changes contained in this Part pursuant to the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A. Major substantive rules must be proposed in time to be considered by the Legislature during the Second Regular Session of the 124th Legislature.

**Sec. B-50. Monthly reports.** The State Tax Assessor shall provide monthly reports to the Joint Standing Committee on Taxation through April 1, 2010 regarding the State's activities in implementing the provisions of this Part that broaden the sales tax base and increase the sales tax on prepared meals, lodging and rentals of automobiles for less than one year. The report must include:

**1. Information for taxpayers.** A plan for providing information to taxpayers and the public about new sales and use tax obligations under this Part;

**2. Implementation progress.** Progress reports on implementation of the plan and copies of taxpayer materials and informational materials that are proposed for issuance by the assessor; and

**3. Materials.** Copies of proposed bulletins and taxpayer guidance materials.

The assessor shall inform the committee about implementation issues and shall seek the committee's advice on implementation and proposed rules. The committee may submit legislation to the Second Regular Session of the 124th Legislature regarding implementation of the provisions of this Part that broaden the sales tax base and increase the sales tax on prepared meals, lodging and rentals of automobiles for less than one year.

**Sec. B-51. Application date.** Those portions of this Part that affect the taxation of leases and rentals of tangible personal property apply to leases entered into, extended or renewed on or after April 1, 2010.

**Sec. B-52. Effective date.** This Part takes effect January 1, 2010, except that the 12.5% sales and use tax on short-term automobile rentals imposed pursuant to the Maine Revised Statutes, Title 36, section 1811, first paragraph takes effect October 1, 2009.

## **PART C**

**Sec. C-1. 36 MRSA §6201, sub-§5**, as amended by PL 1995, c. 368, Pt. CCC, §7 and affected by §11, is further amended to read:

**5. Homestead.** “Homestead” means the dwelling owned or rented by the claimant or held in a revocable living trust for the benefit of the claimant and occupied by the claimant and the claimant’s dependents as a home, and may consist of a part of a multidwelling or multipurpose building and a part of the land, ~~up to 10 acres,~~ upon which it is built. “Owned” includes a vendee in possession under a land contract and of one or more joint tenants or tenants in common.

**Sec. C-2. 36 MRSA §6201, sub-§7,** as enacted by PL 1987, c. 516, §§3 and 6, is amended to read:

**7. Household income.** “Household income” means all income received by all persons of a household in a calendar year while members of the household, excluding the income of members of the household for whom the claimant under this chapter is entitled to claim an exemption as a dependent under Part 8 for the year for which relief is requested.

**Sec. C-3. 36 MRSA §6201, sub-§9,** as repealed and replaced by PL 2007, c. 438, §113, is amended to read:

**9. Income.** “Income” means Maine adjusted gross income determined in accordance with Part 8, modified as provided by this subsection.

A. Maine adjusted gross income must be increased by the following amounts, to the extent not included in Maine adjusted gross income:

- (1) Contributions, including catch-up contributions, to any pension, annuity or retirement plan, including contributions to an individual retirement account under Section 408 of the Code, a simplified employee pension plan, a salary reduction simplified employee pension plan, a savings incentive match plan for employees plan and a deferred compensation plan under Section 457 of the Code and cash or deferred arrangements under Section 401 of the Code and qualified, or “Keogh,” accounts;
- ~~(2) Nontaxable contributions to a flexible spending arrangement under Section 125 of the Code;~~
- ~~(3) Amounts excluded from gross income under Section 129 of the Code;~~
- (4) Distributions from a ROTH IRA;
- (5) Capital gains;
- (6) The absolute value of the amount of trade or business loss, net operating loss carry-over, capital loss, rental loss, farm loss, partnership or S Corporation loss included in Maine adjusted gross income;
- ~~(7) Inheritance;~~
- ~~(8) Life insurance proceeds paid on death of an insured;~~
- ~~(9) Nontaxable lawsuit rewards resulting from lawsuits for actions such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal expenses associated with the case;~~
- (10) Support money;
- ~~(11) Nontaxable strike benefits;~~
- (12) The gross amount of any pension or annuity, including railroad retirement benefits;
- (13) All payments received under the federal Social Security Act and state unemployment insurance laws;
- (14) Veterans’ disability pensions;
- (15) Nontaxable interest received from the Federal Government or any of its agencies or instrumentalities;
- (16) Interest or dividends on obligations or securities of this State and its political subdivisions and authorities;
- (17) Workers’ compensation and the gross amount of “loss of time” insurance; ~~and~~

(18) Cash public assistance and relief, but not including relief granted under this chapter; and  
(19) The total nontaxable portion of the following items of income, determined as if a federal income tax return were required, but only if the total of all of the following income items exceeds \$5,000:

(a) Jury duty payments;

(b) Awards;

(c) Lawsuit awards resulting from lawsuits for actions such as slander, libel and pain and suffering, excluding reimbursements such as medical and legal expenses associated with the case;

(d) Strike benefits; and

(e) Life insurance proceeds paid on death of an insured.

B. Maine adjusted gross income must be decreased by the following amounts, to the extent included in Maine adjusted gross income:

~~(1) The first \$5,000 of proceeds from a life insurance policy, whether paid in a lump sum or in the form of an annuity;~~

(2) A rollover from an individual retirement account, pension or annuity fund or plan to an individual retirement account, pension or annuity fund or plan;

(3) Gifts from nongovernmental sources; and

(4) Surplus foods or other relief in kind supplied by a governmental agency.

**Sec. C-4. 36 MRSA §6203-A**, as amended by PL 2009, c. 213, Pt. S, §14 and affected by §16, is repealed and the following enacted in its place:

**§6203-A. Procedure for reimbursement**

**1. Application periods beginning August 1, 2009 and August 1, 2010.** For application periods beginning August 1, 2009 and August 1, 2010, at least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. At least monthly, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

**2. Application periods beginning during or after January 2011; applications filed January 1st to June 30th.** For application periods beginning during or after January 2011 and with respect to applications filed prior to July 1st, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller at any time after June 30th, but no later than July 15th, to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. No later than August 1st, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

**3. Application periods beginning during or after January 2011; applications filed after June 30th.** For application periods beginning during or after January 2011 and with respect to applications filed after June 30th but prior to the following November 15th, plus any time granted to file, at least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant under this chapter and certify the amount to the State Controller to be transferred to the so-called circuit breaker reserve established, maintained and administered by the State Controller from General Fund undedicated revenue. At least monthly, the assessor shall pay the certified amounts to each approved applicant qualifying for the benefit under this chapter. Interest may not be allowed on any payment made to a claimant pursuant to this chapter.

**Sec. C-5. 36 MRSA §6204**, as amended by PL 2005, c. 2, Pt. E, §3 and affected by §§7 and 8, is repealed and the following enacted in its place:

**§6204. Filing date**

**1. Application period beginning August 1, 2009.** For the application period beginning August 1, 2009, a claim may not be paid unless the claim is filed with the bureau on or after August 1, 2009 and on or before May 31, 2010.

**2. Application period beginning August 1, 2010.** For the application period beginning August 1, 2010, a claim may not be paid unless the claim is filed with the bureau on or after August 1, 2010 and on or before November 30, 2010.

**3. Application periods beginning on or after January 1, 2011.** For application periods beginning on or after January 1, 2011, a claim may not be paid unless the claim is filed with the bureau during or after January and on or before the following November 15th.

**Sec. C-6. 36 MRSA §6207, sub-§1, ¶A-1,** as amended by PL 2009, c. 213, Pt. XXX, §1, is further amended to read:

A-1. Fifty percent of that portion of the benefit base that exceeds 4% but does not exceed 8% of income plus 100% of that portion of the benefit base that exceeds 8% of income ~~to a maximum payment of \$2,000; and~~ and calculated according to tables established by the State Tax Assessor.

(1) Tables established by the assessor must be based on the benefit formula set forth in this subsection and include benefit base brackets in increments of \$100 and household income brackets in increments of \$1,000.

(2) The maximum benefit under this subsection is limited to \$2,000;

**Sec. C-7. 36 MRSA §6207, sub-§1, ¶B,** as enacted by PL 2009, c. 213, Pt. XXX, §2, is amended to read:

B. For application periods beginning on August 1, 2009 and on August 1, 2010, the benefit is limited to 80% of the amount determined under paragraph A-1; and

**Sec. C-8. 36 MRSA §6207, sub-§1, ¶C** is enacted to read:

C. For application periods beginning on or after January 1, 2011, the benefit is limited to 88% of the amount determined under paragraph A-1.

**Sec. C-9. 36 MRSA §6210, last ¶,** as amended by PL 2005, c. 218, §59, is further amended to read:

The assessor shall include ~~a checkoff to request an~~ the application form and instructions for the Maine Residents Property Tax Program ~~or with~~ the individual income tax form. The assessor shall also provide a paperless option for filing an application for the Maine Residents Property Tax Program.

**Sec. C-10. Report.** By January 15, 2012, the State Tax Assessor shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation matters providing information comparing the annual cost of the Maine Residents Property Tax Program from 2005 to 2011, including the number of applicants for benefits under the Maine Residents Property Tax Program and the average benefits provided, and providing projections for the same information for 2012 to 2015. The report must identify the extent of increased participation in and benefit cost of the Maine Residents Property Tax Program as the result of coordination of the program with the income tax. The committee may submit legislation related to the report to the Second Regular Session of the 125th Legislature.

**Sec. C-11. Application.** Unless otherwise specified and except for that section of this Part that amends the Maine Revised Statutes, Title 36, section 6210, this Part applies to application filed with respect to program application periods of the Maine Residents Property Tax Program beginning on or after August 1, 2010. That section of this Part that amends Title 36, section 6210 applies to application filed with respect to program application periods of the Maine Residents Property Tax Program beginning during or after January 2011.

**PART D**

**Sec. D-1. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF  
Revenue Services - Bureau of 0002**

Initiative: Provides funding for 5 Tax Examiner positions and one Senior Tax Examiner position beginning October 1, 2010 to implement the individual income tax and rent and property refund tax law changes.

<b>GENERAL FUND</b>	<b>2009-10</b>	<b>2010-11</b>
POSITIONS - LEGISLATIVE COUNT	0.000	6.000
Personal Services	\$0	\$340,479
All Other	\$0	\$697,768
<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$1,038,247</u>

**Revenue Services - Bureau of 0002**

Initiative: Provides funding for one Account Associate II position, one Tax Examiner position and 3 Revenue Agent positions beginning October 1, 2009 to implement the sales and use tax law changes.

<b>GENERAL FUND</b>	<b>2009-10</b>	<b>2010-11</b>
POSITIONS - LEGISLATIVE COUNT	5.000	5.000
Personal Services	\$235,211	\$332,242
All Other	<u>\$287,862</u>	<u>\$140,602</u>
<b>GENERAL FUND TOTAL</b>	<u>\$523,073</u>	<u>\$472,844</u>

**ADMINISTRATIVE AND FINANCIAL SERVICES,  
DEPARTMENT OF  
DEPARTMENT TOTALS**

	<b>2009-10</b>	<b>2010-11</b>
<b>GENERAL FUND</b>	<u><b>\$523,073</b></u>	<u><b>\$1,511,091</b></u>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$523,073</b></u>	<u><b>\$1,511,091</b></u>

**ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF  
Office of Tourism 0577**

Initiative: Allocates funds to the Tourism Marketing Promotion Fund due to the increase in certain sales tax revenue.

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2009-10</b>	<b>2010-11</b>
All Other	<u>\$0</u>	<u>\$2,861,638</u>
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$0</u>	<u>\$2,861,638</u>

**ECONOMIC AND COMMUNITY DEVELOPMENT,  
DEPARTMENT OF  
DEPARTMENT TOTALS**

	<b>2009-10</b>	<b>2010-11</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$0</b>	<b>\$2,861,638</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$2,861,638</b>

<b>SECTION TOTALS</b>	<b>2009-10</b>	<b>2010-11</b>
<b>GENERAL FUND</b>	<b>\$523,073</b>	<b>\$1,511,091</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<u><b>\$0</b></u>	<u><b>\$2,861,638</b></u>
<b>SECTION TOTAL - ALL FUNDS</b>	<u><b>\$523,073</b></u>	<u><b>\$4,372,729</b></u>

Effective 90 days following adjournment of the 124th Legislature, First Regular Session, unless otherwise indicated.

**Intent and Content**  
**Prepared by the Office of the Attorney General**

This referendum question asks whether Maine voters want to reject legislation enacted by the Legislature and approved by the Governor in June 2009 that reforms the state's income tax structure, broadens the base of the sales tax, and amends the Circuit Breaker Program as follows:

Part A of the legislation replaces the four existing marginal tax rates (which range from 2% on taxable income below \$4,200, up to 8.5% of taxable income over \$16,700) with a flat rate of 6.5% of Maine taxable income. Taxpayers with taxable income of more than \$250,000 would pay, in addition, an income tax surcharge of 0.35% on their Maine taxable income above \$250,000.

The legislation also replaces the current system of standard and itemized deductions with several new tax credits. Tax credits are subtracted from the amount of taxes owed, as compared to deductions, which are subtracted from the amount of taxable income to which the tax rate applies. The principal credit is a refundable household credit for individuals who are full-time Maine residents. The base amount of this credit ranges from \$700 for single individuals to \$1,200 for married taxpayers filing jointly, and the credit increases by \$250 with each exemption that the taxpayer is allowed to claim on their federal income tax return.

The legislation also provides a credit for charitable contributions of more than \$250,000 claimed on a federal income tax return, and a credit for taxpayers who are 65 years or older. The existing earned income tax credit would be retained and made refundable. Refundable tax credits allow for a refund to the taxpayer (up to a maximum amount specified in the law) if the amount of the credit exceeds the amount of tax due.

Both the alternative minimum tax and the alternative minimum tax credit would be repealed for individuals but maintained for corporations. Taxes on lump-sum retirement plan distributions and on early distributions from qualified retirement plans would be repealed. The retirement and disability tax credit and the low-income tax credit would also be repealed.

Part B of the legislation applies the existing 5% sales tax, for the first time, to several categories of services, including many amusement, entertainment and recreational services; installation, repair and maintenance services; personal property services (such as dry cleaning, laundry services, vehicle towing, moving, house cleaning, picture framing, and pet services); transportation and courier services; and long distance telephone service. It would add an airport transportation fee of \$1 per passenger for taxicab and limousine service to or from the airport. The sales tax rate on certain items would increase as follows: on meals, lodging, and liquor served in bars, restaurants and other licensed establishments, from 7% to 8.5%; on candy, from 5% to 8.5%; and on automobile rentals of less than one year, from 10% to 12.5%.

Part C of the legislation makes certain changes to broaden the scope of the Maine Residents Property Tax and Rent Refund "Circuit Breaker" Program. This Program provides partial refunds of property taxes and rent paid by residents with household incomes below certain levels. This legislation repeals the 10-acre limit on the size of the homeowner's or renter's house lot. It also excludes from the calculation of household income (for eligibility purposes) the income of dependents in the household, cash inheritances, and the nontaxable portion of certain other types of income that do not exceed \$5,000.

After the legislation making the above changes was enacted in June 2009, petitioners collected enough signatures of registered voters to refer it to the people for a vote at a statewide election. The legislation has been suspended pending the outcome of this election.

A "YES" vote would reject the new law and keep the current tax laws unchanged.

A "NO" vote would allow the new law to take effect, including all of the above-described changes.

**Fiscal Impact Statement**  
**Prepared by the Office of Fiscal and Program Review**

**124th MAINE LEGISLATURE**

**An Act To Implement Tax Relief and Tax Reform**

**Fiscal Note**

Presented below is a summary of the revised fiscal impact of Public Law 2009, chapter 382, with all effective dates delayed by one year from the original effective dates to accommodate the delay imposed by the people's veto process. The impact of the tax changes in the Act has also been adjusted to reflect revised economic and revenue forecasts. All of the revenues and costs presented below are contingent and would occur only if the people's veto fails at the June 2010 referendum.

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<b>Summary of Revenue Increases (Decreases)</b>				
<u>Individual Income Tax</u>				
General Fund	\$0	(\$32,813,000)	(\$79,450,000)	(\$71,186,000)
Local Government Fund	\$0	(\$1,727,000)	(\$4,182,000)	(\$3,747,000)
<u>Sales and Use Tax</u>				
General Fund	\$0	\$32,757,000	\$72,110,000	\$73,158,000
Local Government Fund	\$0	\$1,724,000	\$3,929,000	\$4,074,000
Tourism Marketing Promotion Fund	\$0	\$0	\$2,544,000	\$4,253,000
<u>Tax and Rent Relief</u>				
General Fund	\$0	\$0	(\$935,000)	\$0
<b>Total General Fund Revenue</b>	<b>\$0</b>	<b>(\$56,000)</b>	<b>(\$8,275,000)</b>	<b>\$1,972,000</b>

**Summary of Administrative Costs:**

The original General Fund appropriations to fund the additional administrative costs of Public Law 2009, chapter 382 will remain as originally enacted, despite being delayed by one year. The administrative expenses that would be incurred by Maine Revenue Services, Department of Administrative and Financial Services, include salary and benefit costs for 5 positions in the first year the tax reform package becomes effective, increasing to 11 total positions in the second year, additional programming costs and additional printing and mailing costs. If the people's veto fails, the original appropriations included in the Act would become effective except the appropriations in fiscal year 2009-10, which would not occur due to an effective date after the close of that fiscal year.

Presented below is a comparison of the original appropriations for the administrative costs compared with the revised administrative costs with a delayed effective date of one year. Subsequent legislation will be required to adjust appropriations to reflect the change in costs.

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Original appropriations in PL 2009, c. 382	\$523,073	\$1,511,091	\$967,304	\$1,015,664
With effective dates delayed by one year	\$0	\$635,479	\$1,542,013	\$1,062,878

## Public Comments

### Public Comment in Support

Comment submitted by:

Vote YES to Repeal New Taxes PAC  
Curtis Picard  
PO Box 5060  
Augusta, ME 04332

We support a YES vote on Question 1 to repeal over 100 new taxes that would be implemented under the tax reform package. Here is a list of items that will be taxable under the tax reform law:

Auto repair labor	Planetariums
Candy tax up 70%	Animal parks
Dry cleaning	Petting zoos
Meal tax increased to 8.5%	Aquariums
Lodging tax increased to 8.5%	Historic sites
Wash, Dry, Fold laundry	Convention centers
Car Washing	Auto, Boat, Camping, Garden, Animal, and
Car Vacuuming	Antique Shows
Liquor sold at restaurants / bars up 21%	Miniature golf
Car Rentals up 25%	Billiard parlors
Telecommunications service tax	Go-cart courses
Limousine services	Paintball
\$1/ pp for taxi/limo to/from airports	Golf driving range
Repairs on:	Whitewater rafting (except federally navigable waters)
Jewelry	Wagon rides
Cameras	Sightseeing bus, boat trolley and railroad tours
Guns	Aircraft sightseeing
Musical instruments	Helicopter rides
Electronic equipment	Hot air balloon rides
Lawn and garden equipment	Hired bands, comedians and DJ's
Computer hardware and	Hired clowns for kids parties
Office equipment	Jugglers and ventriloquists
Tailoring	Bar cover charges (if band is playing)
Shoes	Diaper services
Furniture	Embroidery and monogramming
Tickets to:	Pressure cleaning and washing services
Movies, Theaters, Lectures	Pet exercising, sitting, training, grooming, boarding
Concerts, Festivals	Picture framing
Amusement and water parks	House, furniture and rug cleaning
Fairgrounds (except Ag fairs)	Interior decoration
Race tracks	Meal preparation
Carnivals and circuses	Butchering
Sports Events (except school sports)	
Museums (except non-profit operations)	

Art restoration  
Storage unit rental  
Moving  
Vehicle towing  
Boat mooring  
Maine Guide services  
Photographers for hire  
Leasing of office equipment  
Service contracts  
Adult entertainment (exotic dancers)  
Home staging for real estate

Motor repair on a boat (if not attached to boat)  
Expanded list of "soft drinks"  
Courier Services  
Daily rentals of tuxedos, gowns, ski equip, etc  
Rental of safe deposit boxes

The printing of this public comment does not constitute an endorsement by the State of Maine, nor does the State warrant the accuracy or truth of any statements made in the public comment.

## Public Comment in Opposition

Comment submitted by:

No Higher Taxes for Maine  
Bernstein Shur Government Solutions  
Kay Rand  
146 Capitol Street  
Augusta, ME 04330

The tax reform and relief law enacted by the Legislature last year reduces Maine's maximum income tax rate from 8.5% to 6.5% for nearly all taxpayers. According to data published by the Maine Revenue Service, 95% of Maine residents receive an income tax cut under the new law. More than 88% of Maine taxpayers receive a net tax reduction after taking in account all taxes they pay to the State.

The new law pays for the income tax cut by requiring non-residents and visitors to pay a fairer share of taxes through a modest increase in the meals and lodging tax. Maine had the lowest meals and lodging tax in New England. Additionally, the sales tax was broadened to include entertainment and certain personal property and repair services. The new law is revenue neutral, meaning that changes to the income and sales tax will result in the same amount of total revenue to the state. The Maine Revenue Service estimates that the new law reduces the tax burden on Maine residents by approximately \$53 million, most of which is "exported" to non-resident taxpayers and visitors.

Until passage of this landmark law, Maine had approximately the 7<sup>th</sup> highest income tax rate in the nation. This discouraged investment by businesses and entrepreneurs and drove many newly retired people out of Maine to states with lower income tax rates.

If the new law is repealed, the maximum income tax rate will increase by nearly 30% (6.5% to 8.5%) and the meals and lodging tax will be reduced from 8.5% to 7% -- far below the regional and national average - rewarding visitors with a significant tax break.

If you want a fairer tax code, more investment in Maine's economy, lower income taxes and lower taxes overall, please vote NO on Question 1.

The printing of this public comment does not constitute an endorsement by the State of Maine, nor does the State warrant the accuracy or truth of any statements made in the public comment.

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**Question 2: Bond Issue**

**Do you favor a \$26,500,000 bond issue that will create jobs through investment in an off-shore wind energy demonstration site and related manufacturing to advance Maine's energy independence from imported foreign oil, that will leverage \$24,500,000 in federal and other funds and for energy improvements at campuses of the University of Maine System, Maine Community College System and Maine Maritime Academy in order to make facilities more efficient and less costly to operate?**

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**STATE OF MAINE  
Chapter 414**

**Part D  
Public Laws of 2009  
Approved June 16, 2009**

**An Act To Authorize Bond Issues for Ratification by the Voters for the November 2009 and June and November 2010 Elections**

**As amended by  
Chapter 645**

**Part C  
Public Laws of 2009  
Approved April 12, 2010**

**An Act To Authorize Bond Issues for Ratification by the Voters for the June 2010 Election and November 2010 Election**

**PART D**

**Sec. D-1. Authorization of bonds.** The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$26,500,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

**Sec. D-2. Records of bonds issued kept by Treasurer of State.** The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

**Sec. D-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

**Sec. D-4. Interest and debt retirement.** The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

**Sec. D-5. Disbursement of bond proceeds.** The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the University of Maine System, the Maine Maritime Academy and the Maine Community College System.

**Sec. D-6. Allocations from General Fund bond issue.** The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

## UNIVERSITY OF MAINE SYSTEM

### University of Maine System

Provides funds for energy and infrastructure upgrades at all campuses of the University of Maine System. \$9,500,000

## MAINE COMMUNITY COLLEGE SYSTEM

### Maine Community College System

Provides funds for energy and infrastructure upgrades at all campuses of the Maine Community College System. \$5,000,000

## MAINE MARITIME ACADEMY

### Maine Maritime Academy

Provides funds for energy and infrastructure upgrades at the Maine Maritime Academy. \$1,000,000

## UNIVERSITY OF MAINE SYSTEM

### Maine Marine Wind Energy Demonstration Site Fund

Provides funds for research, development and product innovation associated with developing one or more ocean wind energy demonstration sites. It also provides funding for robotics equipment to accelerate wind energy components manufacturing in the State. The funds will leverage \$24,500,000 in other funds. \$11,000,000

**Sec. D-7. Contingent upon ratification of bond issue.** Sections 1 to 6 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

**Sec. D-8. Appropriation balances at year-end.** At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

**Sec. D-9. Bonds authorized but not issued.** Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

**Sec. D-10. Referendum for ratification; submission at election; form of question; effective date.** This Part must be submitted to the legal voters of the State at a statewide election held in June 2010 following passage of this Act. The municipal officers of this State shall notify the inhabitants of their

respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

“Do you favor a \$26,500,000 bond issue that will create jobs through investment in an off-shore wind energy demonstration site and related manufacturing to advance Maine’s energy independence from imported foreign oil, that will leverage \$24,500,000 in federal and other funds and for energy improvements at campuses of the University of Maine System, Maine Community College System and Maine Maritime Academy in order to make facilities more efficient and less costly to operate?”

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word “Yes” or “No.” The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

## PART H

### Sec. H-1. Establishment of ocean wind energy demonstration sites

**1. Fund established.** The Maine Marine Wind Energy Demonstration Site Fund is established to provide the basic investment necessary to obtain matching funds and competitive grants and other funding from federal, state and private sources for research, development and product innovation associated with developing one or more ocean wind energy demonstration sites.

**2. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. “Fund” means the Maine Marine Wind Energy Demonstration Site Fund.
- B. “Research and development” means applied engineering and scientific research and related commercial development conducted by the University of Maine, acting on behalf of the University of Maine System and its employees and students in the target areas and in conjunction with federal, state and local partners from the private, nonprofit and government sectors.
- C. “Demonstration sites” means geographic locations within the jurisdiction of this State where applied research and development is considered most likely to produce significant benefits to the people and economy of the State.

**3. Administration of fund.** The University of Maine, acting on behalf of the Board of Trustees of the University of Maine System, shall administer the fund. The university may utilize the assets of the fund to carry out and effectuate the purposes, duties and responsibilities of this Part, including, but not limited to:

- A. To conduct siting studies for offshore wind sites, giving first priority to developments in state waters but also consider siting studies for developments in federal waters that could provide renewable and sustainable power for the State or provide significant economic opportunity. The siting studies will include consideration of wind resource, bathymetry, geophysical conditions, transmission and distribution infrastructure, engineering, environmental effects, multi-use potential, identification of exclusion zones and cost of energy from each site;
- B. Using siting information collected under subsection 1, the University of Maine, acting on its own behalf or in conjunction with partners in the private, nonprofit or government sectors, may apply for all federal, state and local approvals necessary to develop a demonstration site to be used for research and development to evaluate new technologies and monitor environmental impacts. The University of Maine will construct and operate this site in a manner consistent with applicable federal, state and local laws and related licenses, permits or other authorizations. The university may contract, subcontract or

collaborate with another public or private entity for any activity authorized by this subsection;

C. To design, prototype and test offshore structures composites components that could be manufactured by companies in this State; and

D. To provide a report to the Governor and the Legislature by March 1, 2010 setting forth:

- (1) The operations and accomplishments of the fund during the most recent fiscal year;
- (2) The results of monitoring of the effects of any structures placed in the waters on the environment and fish and wildlife, including marine mammals; and
- (3) The assets and liabilities of the fund at the end of the most recent fiscal year.

**Sec. H-2. Appropriations and allocations.** The following appropriations and allocations are made.

**UNIVERSITY OF MAINE SYSTEM, BOARD OF TRUSTEES OF THE  
Maine Marine Wind Energy Demonstration Site Fund N065**

Initiative: Establishes a base allocation for the Maine Marine Wind Energy Demonstration Site Fund for funds received for research, development and product innovation associated with developing one or more ocean wind energy demonstration sites.

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2009-10</b>	<b>2010-11</b>
All Other	<u>\$500</u>	<u>\$500</u>
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$500</b>	<b>\$500</b>

**Sec. H-3. Contingent effective date.** This Part takes effect only if the General Fund bond issue proposed in Part D is approved by the voters of this State.

**Intent and Content  
Prepared by the Office of the Attorney General**

This Act would authorize the State to issue bonds in an amount not to exceed \$26,500,000, for projects as described below. The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State.

Proceeds of the sale of bonds would be used to upgrade infrastructure and improve energy efficiency at all campuses of the following institutions, up to the following amounts:

- \$9,500,000 for the University of Maine System;
- \$5,000,000 for the Maine Community College System; and
- \$1,000,000 for the Maine Maritime Academy

The remaining \$11,000,000 of the bond proceeds would be placed in the Maine Marine Wind Energy Demonstration Site Fund created by the Legislature to provide funds for research, development and product innovation associated with developing one or more ocean wind energy demonstration sites. Funds could be used to conduct siting studies for offshore wind sites, and to design, develop prototypes for, and test offshore structures, composites and components that could be manufactured in Maine. This Fund would be administered by the University of Maine. It is anticipated that funds from this portion of the bond proceeds would leverage \$24,500,000 in additional funds from other sources.

If approved, the bond authorization would take effect 30 days after the Governor's proclamation of the vote.

A "YES" vote favors authorizing the \$26,500,000 bond issue to finance the above activities.

A "NO" vote opposes the bond issue in its entirety.

**Debt Service**  
**Prepared by the Office of the Treasurer**

Total estimated life time cost is \$33,058,750 representing \$26,500,000 in principal and \$6,558,750 in interest (assuming interest at 4.5% over 10 years).

**Fiscal Impact Statement**  
**Prepared by the Office of Fiscal and Program Review**

This bond issue has no significant fiscal impact other than the debt service costs identified above.

**Public Comments**

No public comments were filed in support of or in opposition to Question 2.

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### Question 3: Bond Issue

Do you favor a \$47,800,000 bond issue to create jobs in Maine through improvements to highways, railroads and marine facilities, including port and harbor structures, and specifying the allocation of \$4,000,000 of the transportation bond approved by voters in November 2009 to be used for capital rail purposes?

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#### STATE OF MAINE

#### Chapter 645

#### PART A

#### Public Laws of 2009

Approved April 12, 2010

#### An Act To Authorize Bond Issues for Ratification by the Voters for the June 2010 Election and November 2010 Election

#### PART A

**Sec. A-1. Authorization of bonds.** The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$47,800,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

**Sec. A-2. Records of bonds issued kept by Treasurer of State.** The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

**Sec. A-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

**Sec. A-4. Interest and debt retirement.** The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

**Sec. A-5. Disbursement of bond proceeds.** The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Transportation.

**Sec. A-6. Allocations from General Fund bond issue.** The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

(see next page)

## DEPARTMENT OF TRANSPORTATION

### General Fund

Provides funds for state highway reconstruction and paving. \$24,800,000

Provides funds for railroads, including \$7,000,000 to purchase and preserve approximately 240 miles of railroad track in Aroostook County currently owned and operated by the Montreal, Maine and Atlantic Railway, which track upon acquisition by the State must be operated by a rail operator chosen through a competitive process, in consultation with shippers and other stakeholders of the track; \$5,000,000 to purchase a portion of rail line and to make other improvements related to improved freight rail service and preparation for future passenger rail service to Lewiston and Auburn; and \$4,000,000 for repairs and improvements of the portions of the Mountain Division Railroad owned by the State. \$16,000,000

Provides funds for marine-related improvements, including \$6,500,000 for the Ocean Gateway deep water pier and \$500,000 for challenge grants from the Small Harbor Improvement Program. \$7,000,000

**Sec. A-7. Allocation from approved bond issue.** The \$4,000,000 of the General Fund bond issue authorized by Public Law 2009, chapter 414, Part A, section 6 allocated for railroad purposes and approved by the voters of the State at referendum in November 2009 is specifically allocated to capital rail purposes including the purchase and preservation of railroad tracks in Aroostook County and Penobscot County.

**Sec. A-8. Contingent upon ratification of bond issue.** Sections 1 to 7 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

**Sec. A-9. Appropriation balances at year-end.** At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

**Sec. A-10. Bonds authorized but not issued.** Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

**Sec. A-11. Referendum for ratification; submission at election; form of question; effective date.** This Part must be submitted to the legal voters of the State at a statewide election held in the month of June following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

“Do you favor a \$47,800,000 bond issue to create jobs in Maine through improvements to highways, railroads and marine facilities, including port and harbor structures, and specifying the allocation of \$4,000,000 of the transportation bond approved by voters in November 2009 to be used for capital rail purposes?”

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word “Yes” or “No.”

The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

**Intent and Content**  
**Prepared by the Office of the Attorney General**

This Act would authorize the State to issue bonds in an amount not to exceed \$47,800,000, to be administered by the Department of Transportation for the activities described below.

**Highways:** Proceeds of the sale of bonds in the amount of \$24,800,000 would be used for reconstruction and paving of state highways.

**Railroads:** The state would use \$7,000,000 of the bond proceeds towards the purchase and preservation of approximately 240 miles of railroad track in Aroostook County currently owned by the Montreal, Maine and Atlantic Railway. The railway would be operated by a rail operator selected by the state through a competitive process, in consultation with shippers and other stakeholders of the track.

Bond proceeds in the amount of \$5,000,000 would be used to purchase a portion of rail line and to make improvements related to improving freight rail service and preparing for passenger rail service to Lewiston and Auburn. Another \$4,000,000 would be used to repair and improve portions of the Mountain Division Railroad that is already owned by the state and is located between Windham and Fryeburg.

In addition to the funds authorized by this bond issue, \$4,000,000 of the previous bond issue allocated for railroad purposes and approved by the voters in November 2009 would be specifically allocated to the purchase and preservation of railroad tracks in Aroostook and Penobscot counties.

**Marine facilities:** The remaining \$7,000,000 in bond proceeds would be used for marine-related improvements, including specifically: \$6,500,000 to construct a deep water pier at the Ocean Gateway facility in Portland to accommodate large vessels such as cruise ships; and \$500,000 for the Small Harbor Improvement Program, administered by the Department of Transportation, to provide matching grants to coastal communities for improvements to municipally owned marine facilities such as boat ramps, piers and wharfs.

The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State. If approved, the bond authorization would take effect 30 days after the Governor's proclamation of the vote.

A "YES" vote favors authorizing the \$47,800,000 bond issue to finance the above activities.

A "NO" vote opposes the bond issue in its entirety.

**Debt Service**  
**Prepared by the Office of the Treasurer**

Total estimated life time cost is \$59,630,500 representing \$47,800,000 in principal and \$11,830,500 in interest (assuming interest at 4.5% over 10 years).

**Fiscal Impact Statement**  
**Prepared by the Office of Fiscal and Program Review**

This bond issue has no significant fiscal impact other than the debt service costs identified above.

**Public Comments**

No public comments were filed in support of or in opposition to Question 3.

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#### Question 4: Bond Issue

Do you favor a \$23,750,000 bond issue to provide capital investment to stimulate economic development and job creation by making investments under the Communities for Maine's Future Program and in historic properties; providing funding for research and development investments awarded through a competitive process; providing funds for disbursements to qualifying small businesses; and providing grants for food processing for fishing, agricultural, dairy and lumbering businesses within the State and redevelopment projects at the Brunswick Naval Air Station that will make the State eligible for over \$39,000,000 in federal and other matching funds?

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#### STATE OF MAINE Chapter 414

#### Part B Public Laws of 2009 Approved June 16, 2009

#### An Act To Authorize Bond Issues for Ratification by the Voters for the November 2009 and June and November 2010 Elections

#### As amended by Chapter 645

#### Part I Public Laws of 2009 Approved April 12, 2010

#### An Act To Authorize Bond Issues for Ratification by the Voters for the June 2010 Election and November 2010 Election

#### PART B

**Sec. B-1. Authorization of bonds.** The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$23,750,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

**Sec. B-2. Records of bonds issued kept by Treasurer of State.** The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

**Sec. B-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

**Sec. B-4. Interest and debt retirement.** The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

**Sec. B-5. Disbursement of bond proceeds.** The proceeds of the Historic Preservation Revolving Fund must be expended, under the direction and supervision of the Maine Historic Preservation Commission, for acquisition and resale subject to preservation easements or covenants of significant endangered historic buildings by qualified nonprofit historic preservation organizations in the State. The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Economic and Community Development and Finance Authority of Maine.

**Sec. B-6. Allocations from General Fund bond issue.** The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

**MAINE HISTORIC PRESERVATION COMMISSION**

Establishes a revolving fund for the purpose of acquiring significant historic properties. \$1,250,000

**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

Provides funds to make investments under the Communities for Maine’s Future Program in competitive community and economic revitalization projects, which must be matched with at least \$3,500,000. \$3,500,000

**Maine Technology Institute**

Provides funds for research and development and commercialization as prioritized by the Office of Innovation’s current Science and Technology Action Plan for Maine. The funds must be allocated to environmental and renewable energy technology, biomedical and biotechnology, aquaculture and marine technology, composite materials technology, advanced technologies for forestry and agriculture, information technology and precision manufacturing technology through a competitive process and must be awarded to Maine-based public and private institutions and must be awarded to leverage matching funds of at least \$3,000,000. \$3,000,000

**Brunswick Naval Air Station Redevelopment**

Provides for redevelopment projects at the Brunswick Naval Air Station, including the rehabilitation of buildings, federal Americans with Disabilities Act and fire code compliance and other site improvements, including up to \$4,750,000 for the development of a higher education engineering and economic development center. These funds will leverage \$32,500,000 in federal funds. \$8,000,000

**FINANCE AUTHORITY OF MAINE**

Provides grants for food processing for fishing, agricultural, dairy and lumbering industries within the State. \$1,000,000

**Economic Recovery Loan Program** \$3,000,000

**Small Enterprise Growth Fund**

Provides funds for disbursements to qualifying small businesses in the State seeking to pursue eligible projects. \$4,000,000

**Sec. B-7. Contingent upon ratification of bond issue.** Sections 1 to 6 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

**Sec. B-8. Appropriation balances at year-end.** At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

**Sec. B-9. Bonds authorized but not issued.** Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

**Sec. B-10. Referendum for ratification; submission at election; form of question; effective date.** This Part must be submitted to the legal voters of the State at a statewide election held in June 2010 following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

“Do you favor a \$23,750,000 bond issue to provide capital investment to stimulate economic development and job creation by making investments under the Communities for Maine’s Future Program and in historic properties; providing funding for research and development investments awarded through a competitive process; providing funds for disbursements to qualifying small businesses; and providing grants for food processing for fishing, agricultural, dairy and lumbering businesses within the State and redevelopment projects at the Brunswick Naval Air Station that will make the State eligible for over \$39,000,000 in federal and other matching funds?”

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word “Yes” or “No.” The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

## PART F

**Sec. F-1. Rulemaking.** The Finance Authority of Maine shall establish rules to administer funds for food processing for the fishing and agricultural industries in this State for grants. Rules adopted pursuant to this section are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

**Sec. F-2. Contingent effective date.** This Part takes effect only if the General Fund bond issue proposed in Part B is approved by the voters of the State.

## PART G

**Sec. G-1. 5 MRSA §13056-D** is enacted to read:

### **§13056-D. Communities for Maine’s Future Program**

**1. Program established; administration.** The Communities for Maine’s Future Program, referred to in this section as “the program,” is established within the department to assist and encourage communities to revitalize and to promote community development and enhance projects. The department shall administer the program to provide funding for the rehabilitation, revitalization and enhancement of

downtowns and village centers and main streets in the State. All funds received for this program must be deposited into the Communities for Maine's Future Fund established in subsection 7.

**2. Review panel.** The Community for Maine's Future Review Panel, referred to in this section as "the panel," is established to evaluate proposals and determine funding under the program. The panel consists of:

A. The commissioner;

B. The Director of the Maine Historic Preservation Commission;

C. The Director of the State Planning Office within the Executive Department; and

D. Four members of the public, one with experience in economic and community development, one with experience in historic preservation, one with experience in downtown revitalization and one with experience in tourism development and promotion. The first 2 of these members are appointed by the President of the Senate and the remaining 2 by the Speaker of the House.

**3. Review process.** The panel shall review proposals for funding under the program in accordance with this subsection.

A. The panel shall establish the deadline by which proposals must be postmarked and received.

B. Department staff shall undertake the initial review and preliminary scoring of proposals.

C. A subcommittee appointed by the panel to score proposals shall review and determine the final score for the proposals.

D. A subcommittee appointed by the panel to nominate finalists shall review all of the proposals, identify issues for full review and discussion by the panel and recommended project finalists to the full panel for detailed review and consideration.

E. The panel shall review all the proposals submitted, select the finalists and allocate funding.

In reviewing proposals, the panel shall use the scoring system established in subsection 5.

**4. Applicant requirements.** An applicant for funding under this section must:

A. Be a city or town; and

B. Demonstrate the capacity to undertake the project with a reasonable prospect of bringing it to a successful conclusion. In assessing an applicant's ability to meet the requirements of this paragraph, the panel may consider all relevant factors, including but not limited to the applicant's level of debt; fund-raising ability; past economic and community development activities; grants from federal, state or local sources; previous historic preservation, rehabilitation or enhancement activity; organizational history; scope of economic or revitalization vision; and evidence of success in previous efforts.

**5. Scoring system.** The department and the panel shall develop a scoring system for use by the panel in evaluating proposals under this section. The scoring system must be designed to identify those projects that are most aligned with the State's economic and community development and historic preservation and enhancement priorities. The scoring system must assign points according to the relative value of:

A. The economic significance of the proposed project to the immediate vicinity and to the State as a whole;

B. The level of compatibility with the historic community character;

C. The value of the proposed project with respect to historic preservation and rehabilitation;

D. The value of the proposed project with respect to downtown revitalization;

E. The value of the proposed project to encourage or accomplish sustainable, mixed-use, pedestrian-oriented or transit-oriented development;

F. The extent to which the proposed project meets or exceeds minimum energy efficiency standards, uses green building practices or materials, or both;

- G. The value of the proposed project with respect to tourism promotion and development;
- H. The degree of community support for the proposed investment;
- I. The extent to which the proposed project involves other preservation partnerships and meets multiple criteria within this section;
- J. The match provided by the applicant; and
- K. Related public funding sources supporting the project.

**6. Additional criteria.** In addition to evaluating the proposals using the scoring system established in subsection 5, the panel shall also consider criteria in reviewing a proposal:

- A. The level to which a proposal supports the open space or recreation objectives, or both, of a local comprehensive plan;
- B. The extent to which a project is consistent with an adopted comprehensive plan that meets the standards of the laws governing growth management pursuant to Title 30-A, chapter 187;
- C. The extent to which a project is consistent with an existing strategic plan for downtown or village center revitalization;
- D. The current and anticipated demand for use and diversity of uses of this site;
- E. The extent to which the project is consistent with any relevant regional economic development plan or other relevant regional plan; and
- F. Any additional benefits that contribute to the character of the town or region in which the project is situated, including the rehabilitation or renovation of mills and other buildings in the community.

**7. Communities for Maine’s Future Fund created.** The Communities for Maine’s Future Fund, known as “the fund,” is established to provide funding for the rehabilitation, revitalization and enhancement of downtowns and village centers and main streets in the State. The fund is dedicated, nonlapsing fund, and all revenues deposited in the fund remain in the fund and must be disbursed in accordance with this section.

**8. Rules.** The department may adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**Sec. G-2. 5 MRSA §13056-E** is enacted to read:

**§13056-E. Assistance from Communities for Maine’s Future Fund**

**1. Application for downtown improvement or asset grants.** In addition to the other forms of financial assistance available, an eligible municipality or group of municipalities may apply for a downtown and community development grant from the Communities for Maine’s Future Fund established in section 13056-D, subsection 7 and referred to in this section “the fund,” the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or enhance downtown improvements or assets. The department may prescribe an application form or procedure for an eligible municipality or group of municipalities to apply for a grant under this section. The application must include all information necessary for the purpose of implementing this section.

**2. Eligibility certification.** In addition to criteria established in section 13056-D:

- A. The applicant must certify that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the grant;
- B. The department must affirm that the applicant has met the conditions of this paragraph.

(1) A municipality is eligible to receive a grant if that municipality has adopted a growth management program certified under Title 30-A, section 4347-A that includes a capital improvement program composed of:

- (a) An assessment of all public facilities and services, including, but not limited to, roads and other transportation facilities, sewers, schools, parks and open space, fire departments and police departments;

(b) An annually reviewed 5-year plan for the replacement and expansion of existing public facilities or the construction of such new facilities as are required to meet expected growth and economic development. The plan must include projections of when and where those facilities will be required; and

(c) An assessment of the anticipated costs for replacement, expansion or construction of public facilities, an identification of revenue sources available to meet these costs and recommendations for meeting costs required to implement the plan.

Subject to the limitations of this subsection, 2 or more municipalities that each meet the requirements of divisions (a), (b) or (c) may jointly apply for assistance under this section; and

C. The department must affirm that the applicant has met the conditions of this paragraph. A municipality is eligible to receive a downtown improvement grant if that municipality has:

- (1) Shown broad-based support for downtown revitalization;
- (2) Established a comprehensive downtown revitalization work plan, including a definition and a map of the affected area;
- (3) Developed measurable goals and objectives;
- (4) Demonstrated a historic preservation ethic;
- (5) Developed the capacity to report on the progress of the downtown program; and
- (6) Established the ability and willingness to support integrated marketing efforts for retailers, services, activities and events.

**3. Criteria; conditions for downtown village center grants.** The department shall develop criteria and conditions for the award of downtown and village center grants to eligible municipalities subject to the requirements of this section, including:

A. Basic criteria for redevelopment or revitalization of a downtown growth area as defined under Title 30-A, section 4301, subsection 6-C or village;

B. A preference for capital investment projects that provide substantial regional benefits;

C. The adoption of other criteria as the department determines necessary to ensure that grants made under this section maximize the ability of municipalities to accommodate planned growth and economic development;

D. Consistency with the municipality's comprehensive plan or local growth management program;

E. Leveraging of other private, federal or local dollars; and

F. Economic gain to the community, including tax income and jobs created.

**4. Coordination.** The department shall coordinate the grants made under this section with community assistance loans and grants administered by the department and with other state assistance programs designed to accomplish similar objectives, including those administered by the Department of Education, the Department of Transportation, the Executive Department, State Planning Office, the Finance Authority of Maine, the Maine State Housing Authority, the Maine Historic Preservation Commission, the Department of Administrative and Financial Services, the Department of Conservation and the Department of Environmental Protection.

**5. Report to the Legislature.** The department shall report to the joint standing committee of the Legislature having jurisdiction over economic development matters no later than January 1st of each odd-numbered year on the grants program. The department may make any recommendations it finds necessary to more effectively achieve the purposes of this section, including the appropriation of any necessary additional funds.

**Sec. G-3. 5 MRS §13056-F** is enacted to read:

**§13056-F. Historic Preservation Revolving Fund**

**1. Fund established; administration.** The Historic Preservation Revolving Fund, referred to in this

section as “the revolving fund,” is established within the Maine Historic Preservation Commission, referred to in this section as “the commission,” in order to provide funds to qualified nonprofit historic preservation organizations in the State for the purpose of acquisition of endangered historic properties of local, state or national significance, as determined by the commission, for resale to new owners who agree to preserve, rehabilitate or restore the properties as necessary, subject to preservation easements or covenants held by the qualified organization. The commission may provide funds to the qualified organization for purposes outlined in subsection 4.

All funds received must be deposited into the revolving fund.

**2. Review process.** The commission shall review proposals for acquisition of historic properties by qualified organizations with funds from the revolving fund in accordance with this subsection.

**3. Applicant requirements.** An applicant for funding under this section must be a qualified nonprofit historic preservation organization. For purposes of this section, “qualified nonprofit historic preservation organization” or “qualified organization” means a nonprofit preservation or historical organization whose purposes include preservation of historic property or a governmental body. A qualified organization must also demonstrate previous historic preservation, rehabilitation or acquisition activity; availability of staff with demonstrated professional training and experience in administration of historic preservation programs; and familiarity with preservation standards and with acquisition and resale of historic property.

The qualified organization must also demonstrate the capacity to undertake the project with a reasonable prospect of bringing it to a successful conclusion. In assessing an applicant’s ability to meet the requirements of this subsection, the commission may consider all relevant factors, including but not limited to the applicant’s organizational purpose; organizational history; previous historic preservation, rehabilitation or acquisition activity; scope of economic or revitalization vision; and evidence of success in previous efforts.

**4. Revolving fund expenditures.** Payment from the revolving fund is made by the commission to qualified nonprofit historic preservation organizations for the purpose of preservation of significant endangered historic properties through acquisition and resale. Payments may include all costs associated with such an acquisition and carrying costs, as well as stabilization, rehabilitation and completion of a conditions study by the qualified organization for approval by the commission and may also include a fee for establishing a preservation easement or covenant to be held by the qualified organization. When possible, the qualified organization shall seek to secure the qualified property by option to be executed at closing to minimize carrying costs. The qualified organization shall seek to resell the property at fair market value to a new private, nonprofit or public owner who agrees to preserve, rehabilitate or restore the property as provided in the easement or covenant. Net proceeds from the resale of properties must be returned to the revolving fund within the commission. Funds returned to the revolving fund are to be used exclusively for the acquisition of additional historic properties, except that no more than 5% of the fund balance may be used by the commission to fund administration of the program by cooperating organizations.

**5. Evaluation criteria.** The commission shall evaluate proposals under this section. The commission shall seek to fund those proposals that best meet its historic preservation priorities for the State and region and that support its economic and community development and enhancement priorities and shall evaluate properties in such proposals relative to:

- A. The level of historic or architectural significance;
- B. The value with respect to historic preservation and rehabilitation;
- C. The degree to which the property is endangered;
- D. The economic significance to the immediate vicinity and to the State;
- E. The value with respect to downtown revitalization, open space conservation or other public purposes;
- F. The availability at fair market value;
- G. The degree to which the property is available below fair market value;
- H. The potential marketability;

I. The feasibility of rehabilitation or restoration and reuse;

J. The value of the proposed property with respect to tourism promotion and development;

K. The degree of community support; and

L. The extent to which the proposed project involves partnerships or meets multiple criteria.

**6. Rules.** The commission may adopt rules to implement this section. Rules adopted to implement this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**Sec. G-4. Appropriations and allocations.** The following appropriations and allocations are made.

**ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF  
Communities for Maine's Future Fund N064**

Initiative: Establishes base allocations for the Communities for Maine's Future Program to assist and encourage communities to revitalize and to promote community development and enhance projects.

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2009-10</b>	<b>2010-11</b>
All Other	<u>\$500</u>	<u>\$500</u>
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$500</b>	<b>\$500</b>

**ECONOMIC AND COMMUNITY DEVELOPMENT,  
DEPARTMENT OF**

<b>DEPARTMENT TOTALS</b>	<b>2009-10</b>	<b>2010-11</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<u><b>\$500</b></u>	<u><b>\$500</b></u>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$500</b>	<b>\$500</b>

**HISTORIC PRESERVATION COMMISSION, MAINE  
Historic Preservation Revolving Fund N063**

Initiative: Establishes base allocations for the Historic Preservation Revolving Fund in order to provide funds to qualified nonprofit historic preservation organizations to acquire significant historic properties.

<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2009-10</b>	<b>2010-11</b>
All Other	<u>\$500</u>	<u>\$500</u>
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$500</b>	<b>\$500</b>

**HISTORIC PRESERVATION COMMISSION,  
MAINE**

<b>DEPARTMENT TOTALS</b>	<b>2009-10</b>	<b>2010-11</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<u><b>\$500</b></u>	<u><b>\$500</b></u>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$500</b>	<b>\$500</b>

<b>SECTION TOTALS</b>	<b>2009-10</b>	<b>2010-11</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<u><b>\$1,000</b></u>	<u><b>\$1,000</b></u>
<b>SECTION TOTAL - ALL FUNDS</b>	<b>\$1,000</b>	<b>\$1,000</b>

**Sec. G-5. Contingent effective date.** This Part takes effect only if the General Fund bond issue proposed in Part B is approved by the voters of the State.

**Intent and Content**  
**Prepared by the Office of the Attorney General**

This Act would authorize the State to issue bonds in an amount not to exceed \$23,750,000 for the activities described below.

Proceeds of the sale of bonds in the amount of \$1,250,000 would be placed in a new Historic Preservation Revolving Fund to be administered by the Maine Historic Preservation Commission. The fund would be used to help qualified nonprofit historic preservation organizations purchase significant historic properties and then re-sell those properties at fair market value to new owners (private, nonprofit or public), subject to an easement or covenant requiring the new owner to preserve, and rehabilitate or restore the properties. Net proceeds from the resale would be repaid to the Fund.

Proceeds of the sale of bonds in the amount of \$3,500,000 would be placed in the Communities for Maine's Future Fund, to be administered by the Department of Economic and Community Development and used to provide matching grants to cities and towns for projects to revitalize, rehabilitate and enhance downtowns, village centers and main streets in the state. Statutory criteria and procedures for administering this fund and the Historic Preservation Revolving Fund would take effect if the bond issue is approved.

The Maine Technology Institute would administer \$3,000,000 of the bond proceeds to provide matching grants for research and development and commercialization projects, in accordance with priorities established by the Office of Innovation in the current Science and Technology Action Plan for Maine. The funds would be allocated to projects in the areas of environmental and renewable energy technology, biomedical and biotechnology, aquaculture and marine technology, composite materials technology, advanced technologies for forestry and agriculture, information technology, and precision manufacturing technology to public and private entities in Maine, through a competitive process, and recipients would be required to match these State dollars with an equivalent amount of federal or private funds.

The Department of Economic and Community Development would use another \$8,000,000 of the bond proceeds for redevelopment projects at the Brunswick Naval Air Station, including rehabilitating buildings to comply with fire codes and the Americans with Disabilities Act, and other site improvements. Up to \$4,750,000 of these funds could be used to develop a higher education engineering and economic development center at the site. It is anticipated that these bond funds will leverage \$32,500,000 in federal funds.

The Finance Authority of Maine (FAME) would administer \$1,000,000 of the bond proceeds in the form of grants for food processing for fishing, agricultural, dairy and lumbering industries in the state. If the bond is approved, FAME would be required to establish rules to administer grants from these funds for food processing for the fishing and agricultural industries in the state.

An additional \$3,000,000 in bond proceeds would be distributed by FAME through the existing Economic Recovery Loan Program, which provides loans to Maine businesses that do not have sufficient access to credit but demonstrate the ability to survive, preserve and create jobs and repay the obligations. Projects that may be financed must pertain to manufacturing, industrial, recreational or natural resource enterprises in Maine that are determined by the Authority to provide significant public benefits in relation to the amount of the loan. The loan requirements for this program are more fully set forth in Title 10 M.R.S.A. section 1026-J and in rules developed by FAME.

Another \$4,000,000 in bond proceeds would be administered by FAME as part of the Small Enterprise Growth Fund, which is used to provide loans to qualifying businesses with 50 or fewer full time equivalent employees and gross sales of \$5 million or less that show potential for high growth and public benefit. To qualify, businesses must be engaged in at least one of the following: marine sciences, biotechnology, manufacturing, exports of goods or services outside the state, software development; provision or development of environmental services or technologies, or financial or insurance products or services; production of value-added goods from natural resources; and other enterprises in retail sales, tourism and agricultural production.

The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State. If approved, the bond authorization would take effect 30 days after the Governor's proclamation of the vote.

A "YES" vote favors authorizing the \$23,750,000 bond issue to finance the above activities.

A "NO" vote opposes the bond issue in its entirety.

**Debt Service**  
**Prepared by the Office of the Treasurer**

Total estimated life time cost is \$29,628,125 representing \$23,750,000 in principal and \$5,878,125 in interest (assuming interest at 4.5% over 10 years).

**Fiscal Impact Statement**  
**Prepared by the Office of Fiscal and Program Review**

This bond issue has no significant fiscal impact other than the debt service costs identified above.

**Public Comments**

No public comments were filed in support of or in opposition to Question 4.

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**Question 5: Bond Issue**

**Do you favor a \$10,250,000 bond issue to improve water quality, support drinking water programs and the construction of wastewater treatment facilities and to assist farmers in the development of environmentally sound water sources that will leverage \$33,250,000 in federal and other funds?**

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**STATE OF MAINE  
Chapter 414**

**Part C  
Public Laws of 2009  
Approved June 16, 2009**

**An Act To Authorize Bond Issues for Ratification by the Voters for the November 2009 and  
June and November 2010 Elections**

**PART C**

**Sec. C-1. Authorization of bonds.** The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$10,250,000 for the purposes described in section 6 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds. At the discretion of the Treasurer of State, with the approval of the Governor, any issuance of bonds may contain a call feature.

**Sec. C-2. Records of bonds issued kept by Treasurer of State.** The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

**Sec. C-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the debt service account established for the retirement of these bonds.

**Sec. C-4. Interest and debt retirement.** The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

**Sec. C-5. Disbursement of bond proceeds.** The proceeds of the bonds must be expended as set out in this Part under the direction and supervision of the Department of Agriculture, Food and Rural Resources, the Department of Environmental Protection and the Department of Health and Human Services.

**Sec. C-6. Allocations from General Fund bond issue.** The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule.

(see next page)

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Safe Drinking Water Revolving Loan Fund**

Provides funds for a drinking water revolving loan fund to acquire, design, plan, construct, enlarge, repair, protect or improve drinking water supplies or treatment systems to be matched by \$17,000,000 in other funds. \$3,400,000

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**Small Community Grant Program**

Provides funding for grants to towns to help replace malfunctioning septic systems that are polluting a water body or causing a public nuisance. \$1,000,000

**Wastewater Treatment Facility State Revolving Loan Fund**

Provides funds for a wastewater treatment facility state revolving loan fund to be matched by \$15,000,000 in other funds. \$3,000,000

**Uncontrolled Sites**

Provides funds to investigate and clean up uncontrolled hazardous substance contamination at sites posing unacceptable threats to public health and water quality. \$750,000

**Wastewater Treatment Facility Construction Grants**

Provides funds for wastewater treatment facility construction grants to be matched by \$900,000 in other funds. \$600,000

**Overboard Discharge**

Provides funds to assist homeowners whose homes are serviced by substandard or malfunctioning waste water treatment systems, including straight pipe discharges, individual overboard discharge systems, subsurface waste water disposal systems, septic tanks, leach fields and cesspools, which systems result in direct discharges of domestic pollutants to the surface waters of the State. \$500,000

**DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES**

**Agriculture Water Source Development Program**

Provides funds to assist farmers in the development of environmentally sound water sources to manage weather-related risk and to comply with in-stream flow rules that will leverage \$350,000 in other funds. \$1,000,000

**Sec. C-7. Contingent upon ratification of bond issue.** Sections 1 to 6 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

**Sec. C-8. Appropriation balances at year-end.** At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

**Sec. C-9. Bonds authorized but not issued.** Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Part, are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

**Sec. C-10. Referendum for ratification; submission at election; form of question; effective date.** This Part must be submitted to the legal voters of the State at a statewide election held in June 2010 following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

“Do you favor a \$10,250,000 bond issue to improve water quality, support drinking water programs and the construction of wastewater treatment facilities and to assist farmers in the development of environmentally sound water sources that will leverage \$33,250,000 in federal and other funds?”

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word “Yes” or “No.” The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

### **Intent and Content Prepared by the Office of the Attorney General**

This Act would authorize the State to issue bonds in an amount not to exceed \$10,250,000 for the activities described below.

The Department of Environmental Protection would expend \$5,850,000 of the bond proceeds as follows:

- \$3,000,000 would go into an existing state revolving loan fund administered by the Maine Bond Bank and distributed by the Department of Environmental Protection in the form of loans to municipalities to construct and upgrade wastewater treatment facilities. These funds would be matched by approximately \$15,000,000 in federal funds (a 5:1 ratio of federal to state funds);
- \$600,000 would provide grants to municipalities for up to 80% of the cost to construct and upgrade wastewater treatment facilities. These funds are expected to leverage \$900,000 in federal and other funds;
- \$1,000,000 would go into the Small Community Grant Program to provide grants to towns in rural areas to help replace malfunctioning septic systems that are polluting a water body or causing a public nuisance;

- \$750,000 would be allocated to support the investigation and clean-up of uncontrolled hazardous substance sites where contamination by hazardous substances poses a threat to public health and water quality; and
- \$500,000 would provide grants to help fund the removal of individual overboard discharges of wastewater, with a high priority given to eliminating sources of contamination to shellfish harvesting areas and public nuisance conditions.

The Department of Health and Human Services, together with the Maine Bond Bank, would administer \$3,400,000 of the bond proceeds as part of the state's safe drinking water revolving loan fund. Loans from this fund may be issued to eligible public water systems to design, construct or improve drinking water supplies or treatment and distribution systems, or for any actions authorized or required under the federal Safe Drinking Water Act of 1996. These funds would be matched by approximately \$17,000,000 in federal funds (a 5:1 ratio of federal to state funds).

The Department of Agriculture, Food and Rural Resources would administer \$1,000,000 of the funds in the form of grants to farmers, awarded through a competitive process, to fund up to 75% of the cost of constructing or expanding environmentally sound water sources to irrigate crops and minimize drought damage. These bond funds would be matched by \$350,000 in other funds, representing 25% of the cost of these projects.

The bonds would run for a period not longer than 10 years from the date of issue and would be backed by the full faith and credit of the State. If approved, the bond authorization would take effect 30 days after the Governor's proclamation of the vote.

A "YES" vote favors authorizing the \$10,250,000 bond issue to finance the above activities.

A "NO" vote opposes the bond issue in its entirety.

**Debt Service**  
**Prepared by the Office of the Treasurer**

Total estimated life time cost is \$12,786,875 representing \$10,250,000 in principal and \$2,536,875 in interest (assuming interest at 4.5% over 10 years).

**Fiscal Impact Statement**  
**Prepared by the Office of Fiscal and Program Review**

This bond issue has no significant fiscal impact other than the debt service costs identified above.

**Public Comments**

No public comments were filed in support of or in opposition to Question 5.