

MAINE STATE LEGISLATURE

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11
R.O.S.

L.D. 468

DATE: 3.30.05

(Filing No. S-53)

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343, L.D. 468, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007"

Amend the amendment in Part C in section 2 in the last line (page 197, line 26 in amendment) by striking out the following: "\$13,425,799" and inserting in its place the following: '\$14,109,980'

Further amend the amendment in Part C in section 3 in the last line (page 198, line 1 in amendment) by striking out the following: "\$837,453,898" and inserting in its place the following: '\$838,138,079'

Further amend the amendment in Part L in section 1 in paragraph V in the last line (page 206, line 5 in amendment) by striking out the following: "and" and inserting in its place the following: 'and'

Further amend the amendment in Part L by striking out all of sections 2, 3 and 4.

Further amend the amendment in Part P by striking out all of sections 2, 3 and 7.

Further amend the amendment in Part P in section 10 by striking out all of the 2nd sentence (page 215, lines 11 to 14 in amendment)

SENATE AMENDMENT

H. of S.

SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343,
L.D. 468

Further amend the amendment by striking out all of Part R.

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Further amend the amendment in Part UU in section 3 by striking out all of subsection 3 and inserting in its place the following:

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'3. **Transportation costs.** For fiscal year 2005-06, the commissioner, using information provided by a statewide education policy research institute, shall establish a per-pupil transportation cost for each school administrative unit based on an analysis of the most recent year's reported transportation expenditures and a predicted per-pupil transportation cost based on the number of resident pupils, the number of miles of Class 1 to Class 5 roads in the school administrative unit and any approved adjustments. In fiscal year 2005-06 the established per-pupil transportation cost for each school administrative unit is the most recent year's reported transportation expenditures or predicted per-pupil transportation cost, plus 10%, whichever is lower. Beginning in fiscal year 2006-07, and for each subsequent fiscal year, the per-pupil transportation costs for each school administrative unit are its established costs for the most recent year adjusted by the Consumer Price Index or other comparable index. For fiscal years 2005-06 and 2006-07, in no case may the per-pupil transportation costs for a school administrative unit be less than 75% of the established costs for the most recent fiscal year, except that for fiscal year 2005-06 only the per-pupil transportation costs for a school administrative district or a community school district that has more than 1,250 resident pupils in the school district may not be less than 90% of the established costs for the most recent fiscal year and any resulting increase in the total allocation for the school district must be added to the state share for the district in addition to any transition adjustment that the district is entitled to receive pursuant to section 15686, subsection 1. Every 3 years, the commissioner, using information provided by a statewide education policy research institute, shall examine and may adjust reported transportation expenditures and predicted transportation costs. The commissioner shall develop an appeals procedure for established per-pupil transportation costs for school administrative units;'

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Further amend the amendment in Part UU by inserting after section 12 the following:

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'Sec. UU-13. **Appropriations and allocations.** The following appropriations and allocations are made.

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EDUCATION, DEPARTMENT OF

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General Purpose Aid for Local Schools 0308

SENATE AMENDMENT

Initiative: Provides funds so that the cost associated with the requirement that the increase in allocation received by certain school districts as a result of per-pupil transportation costs for school administrative districts and community school districts that have more than 1,250 resident pupils not be less than 90% of the established costs for the most recent fiscal year is in addition to any transition adjustment that the district is entitled to receive.

GENERAL FUND	2005-06	2006-07
All Other	\$684,181	\$0
GENERAL FUND TOTAL	\$684,181	\$0'

Further amend the amendment in Part PPPP in section 1 in that part designated "\$6042." by striking out all of the first paragraph (page 391, lines 28 to 33 in amendment) and inserting in its place the following:

'Notwithstanding any other provision of law, no later than January 1, 2006, the bank may issue up to \$140,000,000 plus financing costs, excluding bonds to refund bonds for the purpose of obtaining the economic benefit of reducing the debt service on the outstanding bonds, of pension cost reduction bonds, to be repaid solely from funds provided in this subchapter.'

Further amend the amendment in Part PPPP in section 1 in that part designated "\$6043." in subsection 5 in the 6th and 7th lines (page 394, lines 1 and 2 in amendment) by striking out the following: "Title 8, section 1036, subsection 2, paragraphs B, C, D, H and I;"

Further amend the amendment in Part PPPP in section 1 in that part designated "\$6043." in subsection 7 in the 8th line (page 394, line 44 in amendment) by striking out the following: "Title 8, section 1036, subsection 2, paragraphs B, C, D, H and I;"

Further amend the amendment in Part PPPP by striking out all of sections 2 to 5 and inserting in their place the following:

'Sec. PPPP-2. Prepayment of teacher retirement contribution within each fiscal year. The State Controller shall make the total payments for the normal cost and unfunded actuarial liability contributions for teachers' retirement for each fiscal year during the 2006-2007 biennium on or before July 15th of each fiscal year.

2.018

SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343, L.D. 468

2 Sec. PPPP-3. Appropriations and allocations. The following appropriations and allocations are made.

4 EDUCATION, DEPARTMENT OF

6 Teacher Retirement 0170

8 Initiative: Deappropriates funds resulting from savings within
10 each fiscal year of payments made at the beginning of the fiscal
12 year for the normal cost and unfunded actuarial liability of
14 teachers' retirement rather than being made monthly.

14	GENERAL FUND	2005-06	2006-07
	All Other	(\$10,776,929)	(\$11,369,647)
16	GENERAL FUND TOTAL	<u>(\$10,776,929)</u>	<u>(\$11,369,647)</u>

18 Teacher Retirement 0170

20 Initiative: Deappropriates funds due to prefunding of the
22 unfunded actuarial liability of teachers' retirement with
24 proceeds from the Pension Cost Reduction Bond, including the
26 estimated savings from the prepayment of fiscal year 2006-07
28 amounts in the beginning of fiscal year 2005-06.

26	GENERAL FUND	2005-06	2006-07
	All Other	(\$20,000,000)	(\$128,553,337)
28	GENERAL FUND TOTAL	<u>(\$20,000,000)</u>	<u>(\$128,553,337)</u>

30 EDUCATION, DEPARTMENT OF
32 DEPARTMENT TOTALS

32		2005-06	2006-07
34	GENERAL FUND	(\$30,776,929)	(\$139,922,984)
36	DEPARTMENT TOTAL - ALL FUNDS	<u>(\$30,776,929)</u>	<u>(\$139,922,984)</u>

38 Further amend the amendment by adding after Part PPPP the
40 following:

42 PART QQQQ

44 Sec. QQQQ-1. 36 MRSa §1752, sub-§16-A is enacted to read:

46 16-A. Support services. "Support services" means
48 contracted services provided to a business, including office
administrative services; facilities support; employment staffing;
business support and transcription; travel arrangements and
reservations; investigation and security services; maintenance
50 and other services to commercial buildings and apartment

dwelling; and collection, management and remediation of waste.
For purposes of this subsection, "contracted services" does not
include services provided under a direct employment relationship
by an employee of the person receiving the services.

Sec. QQQQ-2. 36 MRSA §1752, sub-§17-B, as enacted by PL
2003, c. 673, Pt. V, §19 and affected by §29, is amended to read:

17-B. Taxable service. "Taxable service" means the rental
of living quarters in a hotel, rooming house, tourist or trailer
camp; the transmission and distribution of electricity; the
rental or lease of an automobile; support services; and the sale
of prepaid calling service.

Sec. QQQQ-3. 36 MRSA §1811-C is enacted to read:

§1811-C. Temporary surcharge for property tax relief

Beginning July 1, 2005 and ending November 1, 2006, in
addition to the tax imposed pursuant to section 1811, an
additional 1% tax is imposed on the value of all tangible
personal property and taxable services sold at retail in this
State and subject to the tax specified in section 1811.

Notwithstanding Title 30-A, section 5681, the entire
surcharge imposed pursuant to this section must be deposited in
the General Fund. The State Controller shall transfer from the
General Fund to the Tourism Marketing Promotion Fund established
in Title 5, section 13090-K, subsection 1 an amount, as certified
by the State Tax Assessor, that is equivalent to 5% of the
surcharge that is imposed pursuant to this section 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 and on the value of rental of living quarters in any
hotel, rooming house or tourist or trailer camp pursuant to the
following schedule:

1. First transfer. The first transfer must occur by
October 1, 2006 and encompass the amount of revenue from the
fiscal year ending June 30, 2006; and

2. Final transfer. The final transfer must occur by
October 1, 2007 and encompass the amount of revenue from the
fiscal year ending June 30, 2007.

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

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

10.003

SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343, L.D. 468

2 **Maine Revenue Services 0002**

4 Initiative: Provides funds for the administrative costs associated with the changes to the sales tax including funds for one Management Analyst II position effective July 1, 2005, 2 Revenue Agent positions effective January 1, 2006 and funds for computer programming and notification costs.

10	GENERAL FUND	2004-05	2005-06	2006-07
	POSITIONS -			
12	LEGISLATIVE COUNT	0.000	3.000	3.000
	Personal Services	\$0	\$146,474	\$220,080
14	All Other	\$90,000	\$31,606	\$113,316
16	GENERAL FUND TOTAL	\$90,000	\$178,080	\$333,396

18 **Sec. QQQQ-5. Effective date.** Those sections of this Part that enact the Maine Revised Statutes, Title 36, section 1752, subsection 16-A and amend Title 36, section 1752, subsection 17-B take effect October 1, 2005. That section of this Part that enacts Title 36, section 1811-C takes effect July 1, 2005.

24 **PART RRRR**

26 **Sec. RRRR-1. 36 MRSA §5111, sub-§1-B,** as enacted by PL 1999, c. 731, Pt. T, §3, is amended to read:

30 **1-B. Single individuals and married persons filing separate returns; tax years beginning 2002 and until 2006.** For tax years beginning on or after January 1, 2002 but before January 1, 2006, for single individuals and married persons filing separate returns:

36	If Maine Taxable income is:	The tax is:
38	Less than \$4,200	2% of the Maine taxable income
42	At least \$4,200 but less than \$8,350	\$84 plus 4.5% of the excess over \$4,200
46	At least \$8,350 but less than \$16,700	\$271 plus 7% of the excess over \$8,350
50	\$16,700 or more	\$856 plus 8.5%

SENATE AMENDMENT

of the excess
over \$16,700

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4 **Sec. RRRR-2. 36 MRSA §5111, sub-§1-C** is enacted to read:

6 1-C. Single individuals and married persons filing separate
8 returns: tax years beginning 2006. For tax years beginning on or
10 after January 1, 2006, for single individuals and married persons
12 filing separate returns:

14 If Maine Taxable income is:

The tax is:

16 Less than \$4,450

2% of the Maine
taxable income

18 At least \$4,450 but
20 less than \$8,850

\$89 plus 4.5% of
the excess over
\$4,450

22 At least \$8,850 but
24 less than \$17,700

\$287 plus 7% of
the excess over
\$8,850

26 \$17,700 or more

\$907 plus 8%
of the excess
over \$17,700

28 **Sec. RRRR-3. 36 MRSA §5111, sub-§2-B**, as enacted by PL 1999,
30 c. 731, Pt. T, §5, is amended to read:

32 2-B. Heads of households; tax years beginning 2002 and
34 until 2006. For tax years beginning on or after January 1, 2002
36 but before January 1, 2006, for unmarried individuals or legally
38 separated individuals who qualify as heads of households:

40 If Maine Taxable income is:

The tax is:

42 Less than \$6,300

2% of the Maine
taxable income

44 At least \$6,300 but
46 less than \$12,500

\$126 plus 4.5%
of the excess
over \$6,300

48 At least \$12,500 but
50 less than \$25,050

\$405 plus 7% of
the excess over
\$12,500

50 \$25,050 or more

\$1,284 plus 8.5%
of the excess

over \$25,050

2 **Sec. RRRR-4. 36 MRSA §5111, sub-§2-C** is enacted to read:

4 **2-C. Heads of households; tax years beginning 2006.** For
6 **tax years beginning on or after January 1, 2006, for unmarried**
8 **individuals or legally separated individuals who qualify as heads**
of households:

10 <u>If Maine Taxable income is:</u>	<u>The tax is:</u>
12 <u>Less than \$6,650</u>	<u>2% of the Maine</u> <u>taxable income</u>
14 <u>At least \$6,650 but</u> 16 <u>less than \$13,250</u>	<u>\$133 plus 4.5%</u> <u>of the excess</u> <u>over \$6,650</u>
18 <u>At least \$13,250 but</u> 20 <u>less than \$26,600</u>	<u>\$430 plus 7% of</u> <u>the excess over</u> <u>\$13,250</u>
22 <u>\$26,600 or more</u>	<u>\$1,365 plus 8%</u> <u>of the excess</u> <u>over \$26,600</u>

26 **Sec. RRRR-5. 36 MRSA §5111, sub-§3-B**, as enacted by PL 1999,
28 c. 731, Pt. T, §7, is amended to read:

30 **3-B. Individuals filing married joint return or surviving**
32 **spouses; tax years beginning 2002 and until 2006.** For tax years
34 **beginning on or after January 1, 2002 but before January 1, 2006,**
for individuals filing married joint returns or surviving spouses
permitted to file a joint return:

36 If Maine Taxable income is:	The tax is:
38 Less than \$8,400	2% of the Maine taxable income
40 At least \$8,400 but 42 less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
44 At least \$16,700 but 46 less than \$33,400	\$542 plus 7% of the excess over \$16,700
48 \$33,400 or more	\$1,711 plus 8.5% of the excess

over \$33,400

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Sec. RRRR-6. 36 MRSA §5111, sub-§3-C is enacted to read:

6 3-C. Individuals filing married joint return or surviving
8 spouses; tax years beginning 2006. For tax years beginning on or
10 after January 1, 2006, for individuals filing married joint
12 returns or surviving spouses permitted to file a joint return:

14 If Maine Taxable income is:

The tax is:

16 Less than \$8,900

2% of the Maine
taxable income

18 At least \$8,900 but
20 less than \$17,700

\$574 plus 4.5%
of the excess
over \$8,900

22 At least \$17,700 but
24 less than \$35,450

\$574 plus 7% of
the excess over
\$17,700

26 \$35,450 or more

\$1,817 plus 8%
of the excess
over \$35,450

28 Sec. RRRR-7. 36 MRSA §5122, sub-§1, ¶W, as enacted by PL
30 2003, c. 705, §9, is repealed.

32 Sec. RRRR-8. 36 MRSA §5126, as amended by PL 2001, c. 583,
34 §16, is further amended to read:

36 **§5126. Personal exemptions**

38 For income tax years beginning on or after January 1, 1998
40 but before January 1, 1999, a resident individual is allowed
42 \$2,400 for each exemption that the individual properly claims for
44 the taxable year for federal income tax purposes, unless the
46 taxpayer is claimed as a dependent on another return. For income
48 tax years beginning on or after January 1, 1999 but before
50 January 1, 2000, a resident individual is allowed \$2,750 for each
exemption that the individual properly claims for the taxable
year for federal income tax purposes, unless the taxpayer is
claimed as a dependent on another return. For income tax years
beginning on or after January 1, 2000 but before January 1, 2006,
a resident individual is allowed \$2,850 for each exemption that
the individual properly claims for the taxable year for federal
income tax purposes, unless the taxpayer is claimed as a
dependent on another return. For tax years beginning on or after
January 1, 2006, a resident individual is allowed an amount equal

to the personal exemption amount determined under the Code,
Section 151 for each exemption that the individual properly
claims for the taxable year for federal income tax purposes,
unless the taxpayer is claimed as a dependent on another return.

Sec. RRRR-9. 36 MRSA §5403, as repealed and replaced by PL
1999, c. 731, Pt. T, §10 and affected by §11, is amended to read:

§5403. Annual adjustments for inflation

Beginning in 2002, 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~~ 1-C, 2-C and 3-C. If the dollar amounts of each
rate bracket, 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 is 1.000 or less,
no adjustment may be made for that taxable year in the dollar
bracket amounts of the tax rate tables. The assessor shall
incorporate such changes into the income tax forms, instructions
and withholding tables for the taxable year.

Sec. RRRR-10. Application. This Part applies to tax years
beginning on or after January 1, 2006.

PART SSSS

Sec. SSSS-1. Expansion of application of sales tax. The Joint
Standing Committee on Taxation, no later than May 2, 2005, shall
review the exemptions and exclusions from the state sales and use
tax and the fee imposed pursuant to the Maine Revised Statutes,
Title 36, section 4902, subsection 1 and hold public hearings to
determine which exemptions and exclusions should be repealed or
what services or goods should be taxed to balance the loss of
revenue due to the decrease in the top income rate from 8.5% to
8% in Part RRRR. The committee shall make an affirmative
decision whether to retain the expansion of the sales and use tax
to support services proposed in Part QQQQ and the fee imposed
pursuant to Title 36, section 4902, subsection 1.

1. Legislation. The Joint Standing Committee on Taxation
shall report out a bill no later than May 10, 2005 that
implements the recommendations of the committee. The committee
may retain the expansion of the sales and use tax to support
services or replace any of the items defined as support services
pursuant to the Maine Revised Statutes, Title 36, section 1752,

subsection 16-A with the expansion of the sales and use tax to
other goods or services as long as the stream of revenue from the
expansion or exemption repeal is reasonably equivalent to the
annual revenue lost from the income tax changes proposed in Part
RRRR. The changes in the application of the sales and use tax
must take effect no later than October 1, 2005.

2. **Possible services and goods.** The expansions from
current sales and use tax law that the Joint Standing Committee
on Taxation may consider include:

A. Separately charged labor service fees;

B. Grocery staples;

C. Coal, oil, gas, electricity and water for home use;

D. Funeral services;

E. Vending machine sales;

F. Trade-in credits;

G. Personal care services by barbers, beauticians,
manicurists, tattoo artists, body piercers, massage
therapists, reflexologists, tanning salons, exercise and
fitness centers and dance instructors;

H. Escort and personal introduction services;

I. Flower and balloon delivery and other services to
demonstrate personal appreciation;

J. Amusements, including sports and recreational
activities, rental of recreational equipment and facilities,
cable and satellite television services, theaters and public
entertainment, commercial amusements, commercial participant
amusements, sightseeing, spectator sports and arcades;
tickets for movies, plays, theaters, concerts, fairs and
sporting events; and fees for arcades, amusement rides,
water slides, golf courses, bowling alleys, pool halls,
skating rinks, ski lifts, rafting and boat trips and guide
service;

K. Taxidermy services;

L. Flight and driving instruction;

M. Rentals for recreational purposes of boat moorings, boat
slips and docks;

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SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343,
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2 N. Cleaning, repair, moving, rental, storage, maintenance
and improvement of personal property, including motor
4 vehicles, watercraft, boat moorings, snowmobiles,
all-terrain vehicles, appliances, bicycles, jewelry,
6 cameras, timepieces, firearms, musical instruments,
electronic and electrical goods, furniture, rugs, upholstery
8 and antiques;

10 O. Pet grooming and kennel services;

12 P. Home services, including painting, papering and interior
decorating; swimming pool installation, repair, cleaning and
14 maintenance; locksmith, alarm and security services; and
disinfection and pest extermination or control;

16 Q. Cable and satellite television fees and Internet service
18 fees;

20 R. Contracted services for business administrative support;
facilities support; employment staffing; transcription;
22 travel arrangement and reservations; investigation and
security; maintenance, management and repair to commercial
24 buildings and dwellings; and collection, management and
remediation of waste;

26 S. Advertising services in intrastate media;

28 T. Sales of equipment to broadcasters; and

30 U. Sales of newspapers, books and magazines.

32 **3. Criteria for repeal or expansion.** In determining which
34 exemptions to repeal or which goods or services to apply the
sales and use tax to, the Joint Standing Committee on Taxation
36 shall consider the following criteria:

38 A. Reducing the volatility of the sales and use tax revenue
stream;

40 B. Minimizing the regressive impact of the sales and use
42 tax on the poor;

44 C. Avoiding the loss of sales, services or businesses to
other jurisdictions;

46 D. Allocating appropriate tax burdens to sales and use tax
48 payers from out of state;

50 E. Clarity and ease of administration;

2 F. Fairness and parity among taxpayers;

4 G. Avoidance of pyramiding and duplication of taxation;

6 H. Conserving energy; and

8 I. Counteracting sprawl.

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12 **PART TTTT**

14 **Sec. TTTT-1. 7 MRSA §2954, sub-§1**, as amended by PL 1999, c.
679, Pt. B, §3 and affected by §14, is further amended to read:

16 **1. Commission empowered to establish prices; public**
18 **hearing.** The commission is vested with the power to establish
20 and change, after investigation and public hearing, the minimum
22 wholesale and retail prices to be paid to producers, dealers and
24 stores for milk received, purchased, stored, manufactured,
26 processed, distributed or otherwise handled within the State.
28 The commission shall hold a public hearing prior to the
30 establishing or changing of such minimum prices. The commission
32 may proceed, however, under the emergency rule-making provisions
34 of Title 5, section 8054 without making findings of emergency
36 when the only changes to be made in the minimum prices are to
38 conform with the orders of any federal or other agency duly
40 authorized by law to establish or negotiate producer prices ~~or~~
42 are to respond to other conditions affecting prevailing Class I,
44 Class II and Class III prices in southern New England or are to
46 reflect the milk handling fee levied and imposed by Title 36,
chapter 721. Title 5, section 8054, subsection 3, the 2nd
sentence, does not apply to minimum prices adopted under the
previous--sentence this subsection. Due notice of the public
hearing must be given by publishing notice as provided in Title
5, chapter 375. The commission shall hold such a public hearing
not less frequently than once every 12 months to determine
whether the minimum wholesale and retail prices then established
should be changed. In addition to the data received through the
implementation of the information gathering procedures of its
rules as a basis for its determinations, the commission shall
solicit and seek to receive oral and written testimony at
hearings to determine whether the minimum wholesale and retail
prices then established should be changed and whether the
proposed minimum wholesale and retail prices are just and
reasonable.

48 **Sec. TTTT-2. 7 MRSA §2954, sub-§2, ¶B**, as amended by PL 1995,
50 c. 2, §2, is further amended to read:

B. The minimum wholesale prices paid to dealers must be established to reflect the lowest prices at which milk purchased from producers in this State at minimum prices in the State can be received, processed, packaged and distributed within the State at a just and reasonable return, and in addition must include the amount of any tax determined fee levied and imposed by Title 36, chapter 716 721.

Sec. TTTT-3. 7 MRSA §2954, sub-§13, as amended by PL 1995, c. 2, §3, is further amended to read:

13. Report to State Tax Assessor. The Maine Milk Commission shall report before the first of each month to the State Tax Assessor the basic price of milk established for that month as defined in Title 36, chapter 716 721.

Sec. TTTT-4. 36 MRSA c. 721 is enacted to read:

CHAPTER 721

MILK HANDLING FEE

§4901. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Fee period. "Fee period" means the period beginning on the Sunday closest to the first day of the month and continuing through the Saturday prior to the Sunday closest to the first day of the subsequent month.

2. Handler. "Handler," with respect to a particular container of packaged milk, means the wholesale handler or, if none, the retail handler.

3. Milk. "Milk" has the same meaning as in Title 7, section 2951, subsection 6.

4. Packaged milk. "Packaged milk" means milk that has been processed and placed in containers for ultimate sale to consumers.

5. Person. "Person" means an individual, partnership, firm, corporation, association or other unit and the State and all political subdivisions or agencies of the State.

6. Retail handler. "Retail handler" means a person who handles packaged milk in this State that is next sold in this

State subject to the minimum retail prices established pursuant to Title 7, chapter 603.

7. Wholesale handler. "Wholesale handler" means a person who handles packaged milk in this State that is next sold in this State subject to the minimum wholesale prices paid to dealers established pursuant to Title 7, chapter 603.

§4902. Milk handling fee

1. Fee. A fee is levied and imposed at the rate established in subsection 2 on the handling in this State of packaged milk for sale in this State. With respect to the handling in this State of a particular container of packaged milk for sale in this State, the fee must be paid by the handler. There is no fee on the handling in this State of packaged milk for sale in containers of less than one quart or 20 or more quarts in volume, or packaged milk that is sold to an institution that is owned and operated by the State or the Federal Government.

2. Rate per quart. The fee levied under this chapter is 5¢ per quart.

For a container other than a quart, the fee is computed on a quart-equivalent basis.

3. Fee calculation. Handlers shall pay the fee for each fee period on all milk subject to the fee sold during the fee period:

A. Subject to the minimum wholesale prices paid to dealers established by the Maine Milk Commission pursuant to Title 7, chapter 603; or

B. Not subject to minimum wholesale prices paid to dealers but subject to minimum retail prices established by the Maine Milk Commission pursuant to Title 7, chapter 603.

In calculating the amount of packaged milk handled for sale in this State during each fee period, the handler shall deduct from that amount any packaged milk returned to the handler during that fee period.

4. Fee; additional. The fee imposed and collected under this chapter is in addition to any taxes imposed or collected under any other law of the State.

5. Records, reports and administration. Every handler subject to the fee imposed under subsection 1 shall register with the assessor within 5 business days of becoming subject to the

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2 fee and annually thereafter on forms provided by the assessor.
3 The list of registered handlers must be available to the public.
4 By the 25th day of each calendar month, every handler subject to
5 the fee imposed under subsection 1 shall report to the assessor
6 the quantity of packaged milk handled in this State for sale in
7 this State during the preceding fee period, the quantity of
8 packaged milk handled that was subject to the milk handling fee
9 and any other information the assessor determines necessary or
10 useful in the administration of this chapter and enforcement of
11 the milk handling fee.

12 6. Due dates. Handlers shall pay to the assessor the fee
13 due for the preceding fee period not later than the 25th day of
14 each calendar month and submit the information required by the
15 assessor on the forms provided.

16 7. Presumption. In a proceeding against a retail handler
17 for collection of the fee with respect to a particular container
18 of packaged milk, there is a rebuttable presumption that that
19 retail handler did not purchase that container in a transaction
20 subject to the minimum wholesale prices paid to dealers
21 established pursuant to Title 7, chapter 603. The burden is on
22 the retail handler to show that the retail handler purchased that
23 container of packaged milk in a transaction subject to minimum
24 wholesale prices paid to dealers established pursuant to Title 7,
25 chapter 603.

26 8. General Fund. The assessor shall immediately pay all
27 funds received from the milk handling fee to the Treasurer of
28 State to be deposited in the General Fund. The funds may not be
29 dedicated to a particular purpose and may be used for all
30 purposes of State Government.

31 **Sec. TTTT-5. Appropriations and allocations.** The following
32 appropriations and allocations are made.

33 **ADMINISTRATIVE AND FINANCIAL**
34 **SERVICES, DEPARTMENT OF**

35 **Bureau of Revenue Services**

36 Initiative: Provides funds to cover the initial costs of the
37 Bureau of Revenue Services to administer the milk handling fee.

38	GENERAL FUND	2005-06	2006-07
39	All Other	\$10,000	\$0
40		<hr/>	<hr/>
41	GENERAL FUND TOTAL	\$10,000	\$0

Sec. TTTT-6. Effective date. This Part takes effect January 1,
2006.

PART UUUU

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

PUBLIC SAFETY, DEPARTMENT OF

STATE POLICE 0291

Initiative: Appropriates and deallocates funds to achieve a
funding ratio for the State Police program of 40% from the
General Fund and 60% from the Highway Fund by fiscal year
2006-07. The unallocated amounts must be distributed through the
use of financial orders by line category to proportionally
reflect the new funding ratios.

GENERAL FUND	2005-06	2006-07
Unallocated	\$2,871,000	\$2,250,000
GENERAL FUND TOTAL	\$2,871,000	\$2,250,000
HIGHWAY FUND	2005-06	2006-07
Unallocated	(\$2,871,000)	(\$2,250,000)
HIGHWAY FUND TOTAL	(\$2,871,000)	(\$2,250,000)

Further amend the amendment by relettering or renumbering
any nonconsecutive Part letter or section number to read
consecutively.

SUMMARY

This amendment decreases the amount of the bonds issued
through the Maine Municipal Bond Bank by \$270,000,138. This
amendment removes the transfer of funds to the debt service fund
from the fund to supplement harness racing purses, the Sire
Stakes Fund, the Agricultural Fair Support Fund, the Fund to
Encourage Racing at Maine's Commercial Tracks and the Fund to
Stabilize Off-Track Betting Facilities.

Committee Amendment "A" amends the essential programs and
services funding formula for school administrative districts and
community school districts that have more than 1,250 resident
pupils in the school district by requiring that the per-pupil
transportation costs for these school districts may not be less

RC13

SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343, L.D. 468

2 than 90% of the established costs for the most recent fiscal
3 year. This amendment further provides that such a school
4 district must receive the full transition adjustment specified in
5 Public Law 2005, chapter 2.

6 The amendment removes language in Committee Amendment "A"
7 that extends the nonconformity with federal law of Section 179 of
8 the United States Internal Revenue Code of 1986 until tax years
9 beginning on or after January 1, 2008, thus bringing Maine tax
10 law into conformity with federal law beginning with tax year 2006.

12 The amendment removes language in Committee Amendment "A"
13 that extends the nonconformity with federal law of the
14 deductibility of the child and dependent care expenses, thus
15 bringing Maine tax law into conformity with federal law beginning
16 with tax year 2006.

18 The amendment adds a Part QQQQ, which imposes a temporary 1%
19 increase in the state sales and use tax, beginning July 1, 2005
20 and ending November 1, 2006. Part QQQQ also expands the sales
21 and use tax to apply to support services for businesses such as
22 administrative and cleaning services. The expansion of the sales
23 and use tax to support services takes effect October 1, 2005.
24 Except for 5% of the surcharge imposed on liquor sold in licensed
25 establishments and on the rental of living quarters in a hotel,
26 rooming house or tourist camp, the entire amount of revenue from
27 the surcharge is deposited in the General Fund.

28 The amendment adds a Part RRRR, which changes the Maine
29 Income Tax Law in the following ways.

32 1. It decreases the top income tax rate from 8.5% to 8%
33 beginning with tax year 2006. Due to inflation indexing, the
34 State Tax Assessor is required to adjust the tax brackets for 2
35 years of indexing.

36 2. It increases the personal exemption to match the federal
37 personal exemption.

40 The amendment adds a Part SSSS, which requires the Joint
41 Standing Committee on Taxation to study the current statutory
42 exemptions from the sales and use tax and hold public hearings to
43 determine which exemptions should be eliminated or which goods
44 and services should be subject to the sales and use tax to offset
45 the decrease in revenue from the lowering of the top income tax
46 rate provided for in this amendment. The committee is required
47 to submit a bill by May 10, 2005 with changes effective October
48 1, 2005 for any recommended sales and use tax exemption
49 eliminations or expansions.

50

SENATE AMENDMENT

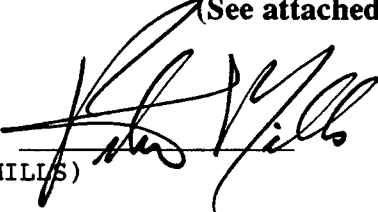
SENATE AMENDMENT "T" to COMMITTEE AMENDMENT "A" to H.P. 343,
L.D. 468

2 The amendment adds a Part TTTT, which reestablishes the milk
3 handling fee, which was in effect in 1995 and 1996, at the rate
4 of 5¢ per quart on milk handled for retail sale in Maine. The
5 fee is paid on a monthly basis by the wholesale handler or, if
6 there is none, by the retail handler. Proceeds of the fee are
7 paid to the General Fund for general purposes of State Government
8 and are not dedicated to any particular purpose.

9
10 The amendment adds a Part UUUU, which appropriates and
11 deallocates funds to achieve a funding ratio for the State Police
12 program of 40% from the General Fund and 60% from the Highway
13 Fund by fiscal year 2006-07 and to offset the loss of Highway
14 Fund savings from maintaining the shortened amortization schedule
15 for the unfunded liability of the Maine State Retirement System.

16
17 **FISCAL NOTE REQUIRED**

(See attached)

18
19
20
21
22 SPONSORED BY: 
23 (Senator P. MILLS)

24 COUNTY: Somerset
25
26



122nd MAINE LEGISLATURE

LD 468

LR 2149(06)

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007

Fiscal Note for Senate Amendment "T" to Committee Amendment A

Sponsor: Sen. Mills

Fiscal Note Required: Yes

Fiscal Note

	2004-05	2005-06	2006-07
Net Cost (Savings)			
General Fund	\$90,000	(\$9,022,884)	(\$372,791)
Highway Fund		(\$2,871,000)	(\$2,250,000)
Appropriations/Allocations			
General Fund	\$90,000	\$213,651,906	\$116,600,774
Highway Fund		(\$2,871,000)	(\$2,250,000)
Revenue			
General Fund		\$183,491,153	\$53,195,970
Transfers			
General Fund		\$39,183,637	\$63,777,595

Fiscal Detail and Notes

This amendment will increase the General Fund cost of the bill by \$90,000 in fiscal year 2004-05, but will decrease the General Fund cost of the bill by \$9,022,884 in fiscal year 2005-06 and \$372,791 in fiscal year 2006-07. Based on the estimated year-end balances, this amendment maintains a balanced budget for the 2006-2007 biennium.

This amendment will decrease the Highway Fund cost of the bill by \$2,871,000 in fiscal year 2005-06 and \$2,250,000 in fiscal year 2006-07.