

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 850

H.P. 649

House of Representatives, February 23, 2007

An Act To Reduce Taxes

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative WATSON of Bath.
Cosponsored by President EDMONDS of Cumberland and
Representatives: BEAUDOIN of Biddeford, BERRY of Bowdoinham, BLANCHETTE of
Bangor, Speaker CUMMINGS of Portland, PERCY of Phippsburg, PIOTTI of Unity, SMITH
of Monmouth, Senator: PERRY of Penobscot.

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

2 **PART A**

3 **Sec. A-1. 36 MRSA §5111, first ¶**, as amended by PL 1999, c. 731, Pt. T, §1, is
4 further amended to read:

5 A tax is imposed ~~for each taxable year beginning on or after January 1, 2000~~, on the
6 Maine taxable income of every resident individual of this State. The amount of the tax is
7 determined as provided in this section, except that the rates provided in this section for
8 tax years beginning on or after January 1, 2008 must be adjusted as provided by section
9 5111-C.

10 **Sec. A-2. 36 MRSA §5111, sub-§1-B**, as enacted by PL 1999, c. 731, Pt. T, §3,
11 is amended to read:

12 **1-B. Single individuals and married persons filing separate returns; tax years**
13 **beginning in 2002 to 2006.** For tax years beginning ~~on or after January 1, 2002~~ in 2002
14 to 2006, for single individuals and married persons filing separate returns:

15	If Maine Taxable <u>taxable</u> income is:	The tax is:
16	Less than \$4,200	2% of the Maine taxable income
17	At least \$4,200 but less than \$8,350	\$84 plus 4.5% of the excess over \$4,200
18	At least \$8,350 but less than \$16,700	\$271 plus 7% of the excess over \$8,350
19	\$16,700 or more	\$856 plus 8.5% of the excess over
20		\$16,700

21 **Sec. A-3. 36 MRSA §5111, sub-§1-C** is enacted to read:

22 **1-C. Single individuals and married persons filing separate returns; tax years**
23 **beginning after 2006.** For tax years beginning on or after January 1, 2007, for single
24 individuals and married persons filing separate returns:

25	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
26	<u>Less than \$4,750</u>	<u>2% of the Maine taxable income</u>
27	<u>At least \$4,750 but less than \$9,450</u>	<u>\$95 plus 4.5% of the excess over \$4,750</u>
28	<u>At least \$9,450 but less than \$18,950</u>	<u>\$307 plus 7.0% of the excess over \$9,450</u>
29	<u>\$18,950 or more</u>	<u>\$972 plus 8.25% of the excess over</u>
30		<u>\$18,950</u>

31 **Sec. A-4. 36 MRSA §5111, sub-§2-B**, as enacted by PL 1999, c. 731, Pt. T, §5,
32 is amended to read:

33 **2-B. Heads of households; tax years beginning in 2002 to 2006.** For tax years
34 beginning ~~on or after January 1, 2002~~ in 2002 to 2006, for unmarried individuals or
35 legally separated individuals who qualify as heads of households:

36	If Maine Taxable <u>taxable</u> income is:	The tax is:
37	Less than \$12,500	2% of the Maine taxable income

1	At least \$12,500 but less than \$37,500	\$250 plus 4.5% of the excess over
2		\$12,500
3	At least \$37,500 but less than \$75,000	\$1,375 plus 7% of the excess over
4		\$37,500
5	\$75,000 or more	\$4,000 plus 8.25% of the excess over
6		\$75,000

7 **Sec. A-5. 36 MRSA §5111, sub-§2-C** is enacted to read:

8 **2-C. Heads of households; tax years beginning after 2006.** For tax years
9 beginning on or after January 1, 2007, for unmarried individuals or legally separated
10 individuals who qualify as heads of households:

11	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
12	<u>Less than \$7,150</u>	<u>2% of the Maine taxable income</u>
13	<u>At least \$7,150 but less than \$14,200</u>	<u>\$143 plus 4.5% of the excess over \$7,150</u>
14	<u>At least \$14,200 but less than \$28,450</u>	<u>\$460 plus 7% of the excess over \$14,200</u>
15	<u>\$28,450 or more</u>	<u>\$1,458 plus 8.25% of the excess over</u>
16		<u>\$28,450</u>

17 **Sec. A-6. 36 MRSA §5111, sub-§3-B**, as enacted by PL 1999, c. 731, Pt. T, §7,
18 is amended to read:

19 **3-B. Individuals filing married joint return or surviving spouses; tax years**
20 **beginning in 2002 to 2006.** For tax years beginning ~~on or after January 1, 2002~~ in 2002
21 to 2006, for individuals filing married joint returns or surviving spouses permitted to file
22 a joint return:

23	<u>If Maine Taxable taxable income is:</u>	<u>The tax is:</u>
24	<u>Less than \$8,400</u>	<u>2% of the Maine taxable income</u>
25	<u>At least \$8,400 but less than \$16,700</u>	<u>\$168 plus 4.5% of the excess over \$8,400</u>
26	<u>At least \$16,700 but less than \$33,400</u>	<u>\$542 plus 7% of the excess over \$16,700</u>
27	<u>\$33,400 or more</u>	<u>\$1,711 plus 8.5% of the excess over</u>
28		<u>\$33,400</u>

29 **Sec. A-7. 36 MRSA §5111, sub-§3-C** is enacted to read:

30 **3-C. Individuals filing married joint return or surviving spouses; tax years**
31 **beginning after 2006.** For tax years beginning on or after January 1, 2007, for
32 individuals filing married joint returns or surviving spouses:

33	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
34	<u>Less than \$9,500</u>	<u>2% of the Maine taxable income</u>
35	<u>At least \$9,500 but less than \$18,950</u>	<u>\$190 plus 4.5% of the excess over \$9,500</u>
36	<u>At least \$18,950 but less than \$37,950</u>	<u>\$615 plus 7.0% of the excess over</u>
37		<u>\$18,950</u>

1 ~~properly claims for the taxable year for federal income tax purposes, unless the taxpayer~~
2 ~~is claimed as a dependent on another return. For income tax years beginning on or after~~
3 ~~January 1, 1999 but before January 1, 2000, a resident individual is allowed \$2,750 for~~
4 ~~each exemption that the individual properly claims for the taxable year for federal income~~
5 ~~tax purposes, unless the taxpayer is claimed as a dependent on another return. For~~
6 ~~income tax years beginning on or after January 1, 2000 but before January 1, 2007, a~~
7 ~~resident individual is allowed \$2,850 for each exemption that the individual properly~~
8 ~~claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed~~
9 ~~as a dependent on another return. For tax years beginning on or after January 1, 2007, a~~
10 ~~resident individual is allowed the same amount allowed under Section 151 of the Code~~
11 ~~for each exemption that the individual properly claims for the taxable year for federal~~
12 ~~income tax purposes, unless the taxpayer is claimed as a dependent on another return.~~

13 **PART E**

14 **Sec. E-1. 36 MRSA §5122, sub-§1, ¶N**, as amended by PL 2005, c. 218, §51, is
15 further amended to read:

16 N. With respect to property placed in service during the taxable year, an amount
17 equal to the net increase in depreciation or expensing attributable to:

18 (1) For taxable years beginning on or after January 1, 2002 but prior to January
19 1, 2006, a 30% bonus depreciation deduction claimed by the taxpayer pursuant to
20 Section 101 of the federal Job Creation and Worker Assistance Act of 2002,
21 Public Law 107-147 with respect to property placed in service during the taxable
22 year;

23 (2) For taxable years beginning on or after January 1, 2002 but prior to January
24 1, 2006, a 50% bonus depreciation deduction claimed by the taxpayer pursuant to
25 Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of
26 2003, Public Law 108-27 with respect to property placed in service during the
27 taxable year; and

28 (3) For taxable years beginning on or after January 1, 2003 but prior to ~~January~~
29 ~~1, 2008~~ January 1, 2007, the increase in aggregate cost used under Section 179 of
30 the Code pursuant to Section 202 of the federal Jobs and Growth Tax Relief
31 Reconciliation Act of 2003, Public Law 108-27 or pursuant to Section 201 of the
32 federal American Jobs Creation Act of 2004, Public Law 108-357;

33 **PART F**

34 **Sec. F-1. 36 MRSA §1752, sub-§1-H** is enacted to read:

35 **1-H. Amusement and recreational services.** "Amusement and recreational
36 services" means:

37 A. All services provided by health clubs, fitness clubs, athletic clubs and personal
38 fitness trainers and coaches, other than the sale of meals and the rental of living
39 quarters;

- 1 B. Admission to fairs, including state fairs, county fairs, agricultural fairs and book
2 fairs;
- 3 C. Admission to sporting events, including horse races;
- 4 D. Admission to exhibition shows that are open to the general public, including
5 flower and garden shows, animal shows, auto shows and watercraft shows;
- 6 E. Admission to motion pictures, concerts, plays, musicals, ballets, operas, comedy
7 shows, puppet shows, magic shows, carnivals, circuses and theatrical productions;
- 8 F. Admission to dance halls, amusement parks, theme parks, miniature golf courses,
9 snow parks and water parks;
- 10 G. All services, including lessons, provided by flight centers, marinas, golf courses,
11 driving ranges, shooting ranges, alpine ski areas, cross-country ski touring centers,
12 ice skating rinks, roller skating rinks, dance halls and centers, bowling centers,
13 swimming pools, racetracks, billiard parlors, riding stables, whitewater rafting centers
14 and recreational athletic facilities of any kind, other than the sale of meals and the
15 rental of living quarters;
- 16 H. Services provided by, and the charging of fees for admission to or membership
17 in, commercial recreational membership organizations, including health and fitness
18 clubs, golf clubs, tennis clubs and country clubs, whether payable by annual fee or
19 otherwise;
- 20 I. Admission to privately owned and operated museums, planetariums, historical
21 sites, zoological parks, zoological gardens, wild animal parks, petting zoos, botanical
22 gardens and aquariums; and
- 23 J. Airplane, helicopter, balloon, dirigible, blimp, watercraft, railroad, bus and wagon
24 rides for amusement or sightseeing purposes.

25 **Sec. F-2. 36 MRSA §1752, sub-§3-B**, as amended by PL 1999, c. 698, §1 and
26 affected by §3, is further amended to read:

27 **3-B. Grocery staples.** "Grocery staples" means food products ordinarily consumed
28 for human nourishment.

29 "Grocery staples" does not include spirituous, malt or vinous liquors; soft drinks, iced tea,
30 sodas or beverages such as are ordinarily dispensed at bars or soda fountains or in
31 connection with bars or soda fountains; medicines, tonics, vitamins and preparations in
32 liquid, powdered, granular, tablet, capsule, lozenge or pill form, sold as dietary
33 supplements or adjuncts, except when sold on the prescription of a physician; water,
34 including mineral bottled and carbonated waters and ice; dietary substitutes; candy and
35 confections; snack food; and prepared food.

36 **Sec. F-3. 36 MRSA §1752, sub-§8-C** is enacted to read:

37 **8-C. Personal property services.** "Personal property services" means the
38 alteration, cleaning, installation, repair, rental, moving, restoration, storage, appraisal and
39 maintenance of personal property, including motor vehicles, watercraft, snowmobiles, all-
40 terrain vehicles, appliances, bicycles, jewelry, cameras, timepieces, firearms, musical

1 instruments, electronic and electrical goods, clothing, footwear, leather goods, furniture,
2 rugs and carpets. "Personal property services" includes, but is not limited to:

- 3 A. The upholstering and reupholstering of furniture;
- 4 B. Same-day courier and delivery services;
- 5 C. The rental of moorings, slips and docks, but only for noncommercial watercraft;
- 6 D. Dry cleaning, laundry and clothing storage services;
- 7 E. Photograph restoration and photographic film development;
- 8 F. Art restoration and conservation; and
- 9 G. Picture framing.

10 "Personal property services" does not include the rental of items subject to a tax under
11 chapter 358 or the interstate moving of furniture and other household goods.

12 **Sec. F-4. 36 MRSA §1752, sub-§8-D** is enacted to read:

13 **8-D. Personal services.** "Personal services" means:

- 14 A. All services provided by tanning salons, tattoo parlors, massage therapists and
15 massage parlors;
- 16 B. Ear and body piercing services;
- 17 C. Dance instruction;
- 18 D. Driving instruction;
- 19 E. Escort, dating and social introduction services;
- 20 F. Flower, balloon and singing telegram delivery services;
- 21 G. Pet grooming and boarding services;
- 22 H. Rental of storage lockers and other self-storage space;
- 23 I. Laundry and diaper services;
- 24 J. Catering services; and
- 25 K. Home grocery delivery service and other home delivery services.

26 **Sec. F-5. 36 MRSA §1752, sub-§9-E** is enacted to read:

27 **9-E. Real property services.** "Real property services" means the following
28 services when provided with regard to real property:

- 29 A. Interior building repair, painting, wallpapering, decorating and designing;
- 30 B. Property maintenance, cleaning and organizing;
- 31 C. Disinfection and pest extermination or control services;
- 32 D. Locksmithing, alarm and security services;
- 33 E. Swimming pool installation, repair, cleaning and maintenance;

- 1 F. Waste management and remediation services;
- 2 G. Rug and carpet installation, cleaning and repair;
- 3 H. Floor maintenance, including sanding, polishing, waxing and coating;
- 4 I. Chimney sweeping and cleaning services; and
- 5 J. Hot tub installation, repair, cleaning and maintenance.

6 **Sec. F-6. 36 MRSA §1752, sub-§11, ¶A**, as amended by PL 2005, c. 218, §14,
7 is further amended to read:

8 A. "Retail sale" includes: conditional sales, installment lease sales and any other
9 transfer of tangible personal property when the title is retained as security for the
10 payment of the purchase price and is intended to be transferred later.

11 ~~(1) Conditional sales, installment lease sales and any other transfer of tangible~~
12 ~~personal property when the title is retained as security for the payment of the~~
13 ~~purchase price and is intended to be transferred later; and~~

14 ~~(2) Sale of products for internal human consumption to a person for resale~~
15 ~~through vending machines when sold to a person more than 50% of whose gross~~
16 ~~receipts from the retail sale of tangible personal property are derived from sales~~
17 ~~through vending machines. The tax must be paid by the retailer to the State.~~

18 **Sec. F-7. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2005, c. 675, §1
19 and affected by §2, is further amended to read:

20 B. "Sale price" does not include:

- 21 (1) Discounts allowed and taken on sales;
- 22 (2) Allowances in cash or by credit made upon the return of merchandise
23 pursuant to warranty;
- 24 (3) The price of property returned by customers; when the full price is refunded
25 either in cash or by credit;
- 26 (4) The price received for labor or services used in installing or applying or
27 repairing the property sold; if separately charged or stated unless the labor or
28 services are taxable services as defined in subsection 17-B;
- 29 (5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically
30 stated service charge; when that amount is to be disbursed by a hotel, motel,
31 restaurant or other eating establishment to its employees as wages;
- 32 (6) The amount of any tax imposed by the United States on or with respect to
33 retail sales, whether imposed upon the retailer or the consumer, except any
34 manufacturers', importers', alcohol or tobacco excise tax;
- 35 (7) The cost of transportation from the retailer's place of business or other point
36 from which shipment is made directly to the purchaser, ~~provided that~~ if those
37 charges are separately stated and the transportation occurs by means of common
38 carrier, contract carrier or the United States mail;

- 1 (8) The fee imposed by Title 10, section 1169, subsection 11;
2 (9) The fee imposed by section 4832, subsection 1;
3 (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection
4 2-B; or
5 (11) Any amount charged or collected by a person engaged in the rental of living
6 quarters as a forfeited room deposit or cancellation fee if the prospective
7 occupant of the living quarters cancels the reservation on or before the scheduled
8 date of arrival.

9 **Sec. F-8. 36 MRSA §1752, sub-§14-F** is enacted to read:

10 **14-F. Snack food.** "Snack food" means any item that is ordinarily sold for
11 consumption without further preparation or that requires no preparation other than
12 combining the item with a liquid; that may be stored unopened without refrigeration,
13 except that ice cream, ice milk, frozen yogurt and sherbert are snack foods; and that is not
14 generally considered a major component of a well-balanced meal. "Snack food" includes,
15 but is not limited to, corn chips, potato chips, processed fruit snacks, fruit rolls, fruit bars,
16 popped popcorn, pork rinds, pretzels, cheese sticks, cheese puffs, granola bars, breakfast
17 bars, bread sticks, roasted nuts, doughnuts, cookies, crackers, pastries, toaster pastries,
18 croissants, cakes, pies, ice cream cones, marshmallows, marshmallow creme, soft drinks,
19 ice cream sauces, ready-to-eat puddings, beef jerky, meat bars and dips.

20 **Sec. F-9. 36 MRSA §1752, sub-§14-G** is enacted to read:

21 **14-G. Soft drinks.** "Soft drinks" means nonalcoholic beverages that contain natural
22 or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or
23 milk products; soy, rice or similar milk substitutes; or more than 50% vegetable or fruit
24 juice by volume.

25 **Sec. F-10. 36 MRSA §1752, sub-§17-B**, as enacted by PL 2003, c. 673, Pt. V,
26 §19 and affected by §29, is repealed and the following enacted in its place:

27 **17-B. Taxable service.** "Taxable service" means:

- 28 A. Rental of living quarters in a hotel, rooming house or tourist or trailer camp;
29 B. Transmission and distribution of electricity;
30 C. Rental or lease of an automobile;
31 D. Sale of prepaid calling service;
32 E. Amusement and recreational services;
33 F. Personal services;
34 G. Personal property services;
35 H. Real property services;
36 I. Lawn and landscaping services, including tree trimming and removal; and

1 J. Taxi and limousine services.

2 **Sec. F-11. 36 MRSA §1760, sub-§4**, as amended by PL 1967, c. 89, is repealed.

3 **Sec. F-12. 36 MRSA §1760, sub-§12-A**, as amended by PL 1995, c. 634, §1 and
4 affected by §2, is repealed.

5 **Sec. F-13. 36 MRSA §1760, sub-§20**, as amended by PL 1991, c. 546, §20, is
6 further amended to read:

7 **20. Continuous residence; refunds and credits.** Rental charged to any person who
8 resides continuously for ~~28 days~~ 100 days at any one hotel, rooming house; or tourist or
9 trailer camp if:

10 A. The person does not maintain a primary residence at some other location; or

11 B. The person is residing away from that person's primary residence in connection
12 with employment or education.

13 Tax paid by such person to the retailer under section 1812 during the initial ~~28-day~~ 100-
14 day period must be refunded by the retailer. Such tax reported and paid to the State by the
15 retailer may be taken as a credit by the retailer on the report filed by the retailer covering
16 the month in which refund was made to such tenant.

17 ~~This subsection applies to all rentals of any hotel, rooming house or tourist or trailer camp~~
18 ~~for occupancy on or after July 1, 1991 regardless of the date on which payment for the~~
19 ~~rental is made.~~

20 **Sec. F-14. 36 MRSA §1760, sub-§24** is repealed.

21 **Sec. F-15. 36 MRSA §1760, sub-§34**, as amended by PL 2005, c. 218, §23, is
22 repealed.

23 **Sec. F-16. 36 MRSA §1760, sub-§52**, as enacted by PL 1985, c. 737, Pt. A, §96,
24 is repealed.

25 **Sec. F-17. 36 MRSA §1760, sub-§64**, as amended by PL 2003, c. 588, §10, is
26 repealed.

27 **Sec. F-18. 36 MRSA §2551, sub-§6-A** is enacted to read:

28 **6-A. Motor vehicle parking.** "Motor vehicle parking" means the provision of
29 space, other than metered space, in a parking lot having 30 or more spaces.

30 **Sec. F-19. 36 MRSA §2551, sub-§20**, as enacted by PL 2003, c. 673, Pt. V, §25
31 and affected by §29, is amended to read:

32 **20. Telecommunications services.** "Telecommunications services" means all
33 telecommunications services as described in this subsection.

34 A. "Telecommunications services" includes:

1 (1) The provision of 2-way interactive communications through the use of
2 telecommunications equipment, exclusive of mobile telecommunications
3 services; ~~and~~

4 (2) Two-way interactive mobile telecommunications services provided by a
5 home service provider to a customer whose place of primary use is within this
6 State, to the extent those services are associated with transmissions that originate
7 and terminate within this State or within any other state. For purposes of this
8 paragraph, the term "state" includes the District of Columbia and any territory or
9 possession of the United States; ~~;~~ and

10 (3) Directory advertising services.

11 B. "Telecommunications services" does not include:

12 (1) Except as otherwise provided by this subsection, service originating or
13 terminating outside this State and billed to a business customer;

14 (2) Access services;

15 ~~(3) Directory advertising services;~~

16 (4) The sale of unbundled network elements for use in the provision of
17 telecommunications services;

18 (5) The lease of telecommunications equipment;

19 (6) Prepaid calling service; or

20 (7) Mobile telecommunications services provided by a home service provider to
21 a customer whose place of primary use is not within this State.

22 **Sec. F-20. 36 MRSA §2552, sub-§1, ¶C**, as enacted by PL 2003, c. 673, Pt. V,
23 §25 and affected by §29, is repealed.

24 **Sec. F-21. 36 MRSA §2552, sub-§1, ¶D**, as enacted by PL 2003, c. 673, Pt. V,
25 §25 and affected by §29, is repealed.

26 **Sec. F-22. 36 MRSA §2552, sub-§1, ¶D-1** is enacted to read:

27 D-1. Rental or lease of tangible personal property;

28 **Sec. F-23. 36 MRSA §2552, sub-§1, ¶D-2** is enacted to read:

29 D-2. Motor vehicle parking;

30 **Sec. F-24. Application.** That section of this Part that amends the Maine Revised
31 Statutes, Title 36, section 1760, subsection 20 applies to all rentals of any hotel, rooming
32 house or tourist or trailer camp for occupancy on or after January 1, 2008, regardless of
33 the date on which payment for the rental is made.

34 **Sec. F-25. Effective date.** This Part takes effect October 1, 2007.

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PART G

Sec. G-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 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% of each of the 7% tax and 8% taxes 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 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% of each of the 7% tax and 8% taxes 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. G-2. 5 MRSA §13090-M is enacted to read:

§13090-M. Maine Quality Places Fund

1. Fund established. The Maine Quality Places Fund, referred to in this section as “the fund,” is established in the department as a nonlapsing dedicated account.

2. Sources of fund. The fund may receive the proceeds of notes or bonds issued by the State for the purpose of deposit in the fund and any other funds from any public or private source received for use for any of the purposes for which the fund has been established.

Beginning July 1, 2008 and every July 1st thereafter, the State Controller shall transfer to the fund an amount, as certified by the State Tax Assessor, that is equivalent to 1% of the 8% 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, 2008 and every October 1st thereafter, the State Controller shall transfer to the fund an amount, as certified by the State Tax Assessor, that is equivalent to 1% of the 8% 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.

3. Use of the fund. The fund must be used for:

1 A. Promoting the revitalization of towns and cities through the Municipal Investment
2 Trust Fund established in Title 30-A, section 6006-D;

3 B. Augmenting ongoing land and farm conservation and protecting traditional uses
4 and farm conservation through the Land for Maine's Future Fund established in
5 section 6203; and

6 C. Promoting outdoor recreation and high-quality tourism.

7 **Sec. G-3. 36 MRSA §1811, first ¶**, as amended by PL 2001, c. 439, Pt. TTTT,
8 §2 and affected by §3, is further amended to read:

9 A tax is imposed on the value of all tangible personal property and taxable services
10 sold at retail in this State. The rate of tax is ~~7%~~ 8% on the value of liquor and prepared
11 food sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in
12 accordance with Title 28-A, chapter 43; 7% on the value of other prepared food; ~~7%~~ 8%
13 on the value of rental of living quarters in any hotel, rooming house or tourist or trailer
14 camp; 10% on the value of rental for a period of less than one year of an automobile; ~~7%~~
15 ~~on the value of prepared food~~; and 5% on the value of all other tangible personal property
16 and taxable services. Value is measured by the sale price, except as otherwise provided.

17 **Sec. G-4. 36 MRSA §1812, sub-§1, ¶E** is enacted to read:

18 E. If the tax rate is 8%:

19	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
20		
21		
22	<u>\$0.01 to \$0.06, inclusive</u>	<u>0¢</u>
23	<u>.07 to .18, inclusive</u>	<u>1¢</u>
24	<u>.19 to .30, inclusive</u>	<u>2¢</u>
25	<u>.31 to .43, inclusive</u>	<u>3¢</u>
26	<u>.44 to .55, inclusive</u>	<u>4¢</u>
27	<u>.56 to .68, inclusive</u>	<u>5¢</u>
28	<u>.69 to .80, inclusive</u>	<u>6¢</u>
29	<u>.81 to .93, inclusive</u>	<u>7¢</u>
30	<u>.94 to 1.00, inclusive</u>	<u>8¢</u>

31 **Sec. G-5. 36 MRSA §1812, sub-§1, ¶F** is enacted to read:

32 F. If the tax rate is 15%:

33	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
34		
35		
36	<u>\$0.01 to \$0.03, inclusive</u>	<u>0¢</u>
37	<u>.04 to .09, inclusive</u>	<u>1¢</u>
38	<u>.10 to .16, inclusive</u>	<u>2¢</u>
39	<u>.17 to .22, inclusive</u>	<u>3¢</u>
40	<u>.23 to .29, inclusive</u>	<u>4¢</u>
41	<u>.30 to .36, inclusive</u>	<u>5¢</u>

- 1 As used in this chapter, unless the context otherwise indicates, the following terms
2 have the following meanings.
- 3 **1. Bottle.** "Bottle" means any closed or sealed glass, metal, paper or plastic
4 container or any other type of container regardless of the size or shape of the container.
- 5 **2. Bottled soft drink.** "Bottled soft drink" means any ready-to-consume soft drink
6 contained in a bottle.
- 7 **3. Distributor, manufacturer or wholesale dealer.** "Distributor, manufacturer or
8 wholesale dealer" means any person who receives, stores, manufactures, bottles or sells
9 bottled soft drinks, syrup, simple syrup or powder or base products for mixing,
10 compounding or making soft drinks for sale to retailers or other manufacturers, wholesale
11 dealers or distributors for resale purposes.
- 12 **4. Milk.** "Milk" means natural liquid milk regardless of animal source or butterfat
13 content; natural milk concentrate, whether or not reconstituted, regardless of animal
14 source or butterfat content; or dehydrated natural milk, whether or not reconstituted.
- 15 **5. Natural fruit juice.** "Natural fruit juice" means the original liquid resulting from
16 the pressing of fruit, the liquid resulting from the reconstitution of fruit juice concentrate
17 or the liquid resulting from the restoration of water to dehydrated fruit juice.
- 18 **6. Natural vegetable juice.** "Natural vegetable juice" means the original liquid
19 resulting from the pressing of vegetables, the liquid resulting from the reconstitution of
20 vegetable juice concentrate or the liquid resulting from the restoration of water to
21 dehydrated vegetable juice.
- 22 **7. Nonalcoholic beverage.** "Nonalcoholic beverage" means any beverage not
23 subject to tax under Title 28-A, Part 4.
- 24 **8. Place of business.** "Place of business" means any place where soft drinks, syrups,
25 simple syrups or powder or base products are manufactured or any place where bottled
26 soft drinks, syrup, simple syrup, powder or base product or any other item taxed under
27 this chapter is received.
- 28 **9. Powder or base product.** "Powder or base product" means a solid mixture of
29 basic ingredients used in making, mixing or compounding soft drinks by mixing the
30 powder or other base with water, ice, syrup, simple syrup, fruits, vegetables, fruit juice,
31 vegetable juice or any other product suitable to make a soft drink.
- 32 **10. Retailer.** "Retailer" means any person, other than a distributor, manufacturer or
33 wholesale dealer, who receives, stores, mixes, compounds or manufactures any soft drink
34 and sells or otherwise dispenses the soft drink to the ultimate consumer.
- 35 **11. Sale.** "Sale" means the transfer of title or possession for a valuable consideration
36 of tangible personal property regardless of the manner by which the transfer is
37 accomplished.
- 38 **12. Simple syrup.** "Simple syrup" means a mixture of sugar and water.

1 **13. Soft drink.** "Soft drink" means any nonalcoholic beverage, whether naturally or
2 artificially flavored, whether carbonated or noncarbonated, sold for human consumption,
3 including, but not limited to, soda water, cola and other flavored drinks, any fruit or
4 vegetable drink containing 10% or less of natural fruit juice or natural vegetable juice and
5 all other drinks and beverages commonly referred to as soft drinks, but not including
6 coffee or tea unless the coffee or tea is bottled as a liquid for sale.

7 **14. Syrup.** "Syrup" means the liquid mixture of basic ingredients used in making,
8 mixing or compounding soft drinks by mixing the syrup with water, simple syrup, ice,
9 fruits, vegetables, fruit juice, vegetable juice or any other product suitable to make a soft
10 drink.

11 **§4852. Tax rate**

12 **1. Tax imposed.** There is imposed a tax on every distributor, manufacturer or
13 wholesale dealer to be calculated as follows:

14 A. Four dollars per gallon of syrup or simple syrup sold or offered for sale;

15 B. Forty-two cents per gallon of bottled soft drinks sold or offered for sale; and

16 C. When a package or container of powder or base product is sold or offered for sale
17 in the State, the tax on the sale of each package or container is equal to 42¢ for each
18 gallon of soft drink that may be produced from each package or container by
19 following the manufacturer's instructions. This tax applies when the powder or base
20 product is sold to a retailer for sale to the ultimate consumer after the soft drink is
21 produced by the retailer.

22 **2. Purchase from unlicensed seller.** A retailer who purchases bottled soft drinks,
23 syrup, simple syrup or powder or base product from an unlicensed distributor,
24 manufacturer or wholesale dealer is liable for the tax imposed in subsection 1.

25 **§4853. Exemptions**

26 The following are exempt from the tax imposed by section 4852:

27 **1. Sales to Federal Government.** Syrups, simple syrups, powder or base products
28 or soft drinks sold to the Federal Government;

29 **2. Products exported from State.** Syrups, simple syrups, powder or base products
30 or soft drinks exported from the State by a distributor, manufacturer or wholesale dealer;

31 **3. Coffee or tea base.** Any powder or base product used in preparing coffee or tea;

32 **4. Juice or vegetable concentrate.** Any frozen, freeze-dried or other concentrate to
33 which only water is added to produce a nonalcoholic beverage containing more than 10%
34 natural fruit juice or natural vegetable juice;

35 **5. Fruit or vegetable juice.** Any nonalcoholic beverage containing more than 10%
36 natural fruit juice or natural vegetable juice;

37 **6. Sales to another distributor, manufacturer or wholesale dealer.** Syrups,
38 simple syrups, powder or base products or soft drinks sold by a distributor, manufacturer

1 or wholesale dealer to a distributor, manufacturer or wholesale dealer who holds a license
2 under section 4855 if the license number of the distributor, manufacturer or wholesale
3 dealer to whom the syrups, simple syrups, powder or base products or soft drinks are sold
4 is clearly shown on the invoice for the sale that is claimed to be exempt. This exemption
5 does not apply to any sale to a retailer;

6 **7. Infant formula.** Any product, whether sold in liquid or powder form, that is
7 intended by its manufacturer for consumption by infants and that is commonly referred to
8 as infant formula;

9 **8. Water.** Water to which no flavoring, whether artificial or natural, has been added
10 and that has not been artificially carbonated;

11 **9. Dietary aids.** Any product, whether sold in liquid or powder form, that is
12 intended by its manufacturer for use as a dietary supplement or for weight reduction;

13 **10. Consumer mix.** Any powder or base product that is intended by its
14 manufacturer to be sold and used for the purpose of domestically mixing soft drinks by
15 the ultimate consumer; and

16 **11. Milk products.** Any product containing milk or milk products.

17 **§4854. Reports**

18 A distributor, manufacturer or wholesale dealer or any retailer subject to the tax
19 imposed by this chapter shall file a monthly return with the assessor and pay the tax on or
20 before the 15th day of the month following the month in which the sale or purchase was
21 made. The return must be made on a form prescribed by the assessor. The return must
22 contain any information the assessor requires for the proper administration of this
23 chapter. When a retailer is also acting as a distributor, manufacturer or wholesale dealer,
24 the duty to report and pay the tax imposed by this chapter arises when the property is
25 transferred to a retail store for sale to the ultimate consumer, as reflected by the records of
26 the taxpayer.

27 **§4855. Licenses**

28 **1. Distributor, manufacturer or wholesale dealer.** Any distributor, manufacturer
29 or wholesale dealer who sells or offers for sale to retailers within the State syrups, simple
30 syrups, powder or base products or soft drinks shall obtain from the bureau a license for
31 the privilege of conducting such business within the State.

32 **2. Retailer.** Any retailer who purchases syrups, simple syrups, powder or base
33 products or soft drinks from a distributor, manufacturer or wholesale dealer not licensed
34 under subsection 1 shall obtain a license from the bureau for the privilege of conducting
35 such business.

36 **3. Location; display.** Any person required to obtain a license under this section
37 shall obtain a license for each place of business owned or operated by that person. The
38 license must be conspicuously displayed at the place of business for which it was issued.

39 **§4856. Penalties**

1 1. Failure to file, pay. A person required to file a return and pay tax under this
2 chapter is subject to the same penalties as for failure to file and pay sales tax under Part 3.

3 2. Failure to obtain license. A person required to obtain a license under section
4 4855 who fails to do so is subject to the same penalties as for failure to register as a
5 retailer under section 1754-B.

6 **§4857. Rules**

7 The assessor may adopt rules under the Maine Administrative Procedure Act to
8 provide for the administration of this chapter. These rules may provide for a fee to cover
9 the cost of issuing licenses required under section 4855. Rules adopted under this section
10 are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

11 **Sec. H-2. Effective date.** This Part takes effect October 1, 2007.

12 **PART I**

13 **Sec. I-1. 36 MRSA §4641-A, sub-§1,** as enacted by PL 2001, c. 559, Pt. 1, §3
14 and affected by §15, is repealed.

15 **Sec. I-2. 36 MRSA §4641-A, sub-§1-A** is enacted to read:

16 1-A. Deeds. A tax is imposed on the grantor and the grantee with regard to each
17 deed by which any real property in this State is transferred. The rate of tax that applies to
18 each grantee and grantor of the real property is:

19 A. For property valued at less than \$100,000, \$1 for each \$1,000 or fractional part of
20 \$1,000 of the value of the property transferred;

21 B. For property valued at \$100,000 or more but less than \$200,000, \$2 for each
22 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

23 C. For property valued at \$200,000 or more but less than \$300,000, \$3 for each
24 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

25 D. For property valued at \$300,000 or more but less than \$500,000, \$4 for each
26 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

27 E. For property valued at \$500,000 or more but less than \$750,000, \$5 for each
28 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

29 F. For property valued at \$750,000 or more but less than \$1,000,000, \$6 for each
30 \$1,000 or fractional part of \$1,000 of the value of the property transferred; and

31 G. For property valued at \$1,000,000 or more, \$7 for each \$1,000 or fractional part
32 of \$1,000 of the value of the property transferred.

33 **Sec. I-3. 36 MRSA §4641-A, sub-§2, ¶A,** as enacted by PL 2001, c. 559, Pt. 1,
34 §3 and affected by §15, is repealed and the following enacted in its place:

35 A. The rates of tax on a transferor and a transferee are the same as specified under
36 subsection 1-A for a grantor and a grantee, respectively.

1 A-1. Fifty percent of that portion of the benefit base that exceeds 4% but does not
2 exceed 8% of income plus 100% of that portion of the benefit base that exceeds 8%
3 of income to a maximum payment of ~~\$2,000~~ \$3,000.

4 **PART L**

5 **Sec. L-1. 36 MRSA §683, sub-§3**, as amended by PL 2005, c. 2, Pt. F, §3 and
6 affected by §5, is further amended to read:

7 **3. Effect on state valuation.** ~~Fifty percent of the~~ The just value of homesteads
8 exempt under this subchapter must be included in the annual determination of state
9 valuation under sections 208 and 305.

10 **Sec. L-2. 36 MRSA §683, sub-§4**, as amended by PL 2005, c. 2, Pt. F, §3 and
11 affected by §5, is further amended to read:

12 **4. Property tax rate.** ~~Fifty percent of the~~ The value of homestead exemptions under
13 this subchapter must be included in the total municipal valuation used to determine the
14 municipal tax rate. The municipal tax rate as finally determined may be applied to only
15 the taxable portion of each homestead qualified for that tax year.

16 **Sec. L-3. 36 MRSA §685, sub-§2**, as amended by PL 2005, c. 2, Pt. F, §4 and
17 affected by §5, is further amended to read:

18 **2. Entitlement to reimbursement by the State; calculation.** A municipality that
19 has approved homestead exemptions under this subchapter may recover from the State
20 ~~50%~~ 100% of the taxes lost by reason of the exemptions upon proof in a form satisfactory
21 to the bureau. The bureau shall reimburse the Unorganized Territory Education and
22 Services Fund for ~~50%~~ 100% of taxes lost by reason of the exemption.

23 **PART M**

24 **Sec. M-1. 36 MRSA §684, sub-§1**, as enacted by PL 1997, c. 643, Pt. HHH, §3
25 and affected by §10, is amended to read:

26 **1. Generally.** The bureau shall furnish to the assessor of each municipality a
27 sufficient number of printed forms to be filed by applicants for an exemption under this
28 subchapter and shall determine the content of the forms. The forms must contain a place
29 for the applicant to list the applicant's birth date. A municipality shall provide to its
30 inhabitants reasonable notice of the availability of application forms. An individual
31 claiming an exemption under this subchapter for the first time shall file the application
32 form with the assessor or the assessor's representative. For an exemption from taxes
33 based on the status of property on April 1, 1998, the application must be filed by May 15,
34 1998. For taxes based on the status of property after April 1, 1998, the application must
35 be filed by April 1st of the year on which the taxes are based.

36 **Sec. M-2. 36 MRSA §949** is enacted to read:

37 **§949. Suspension of foreclosure for homesteads of persons 65 years of age or older**

1 Part I changes the rate structure for the real estate transfer tax to provide that a
2 transferor and a transferee of property must each pay a transfer tax starting at \$1 per
3 \$1,000 of value of the property for property valued at less than \$100,000, increasing to \$7
4 per \$1,000 of value for real estate with a value of \$1,000,000 or more. The revenue from
5 the portion of the tax received to the State and attributable to transfers by deed tax is
6 credited 65% to the General Fund and 35% to the Housing Opportunities for Maine Fund.

7 Part J increases the low-income tax credit from \$2,000 to \$4,000.

8 Part K increase the maximum benefit under the Maine Residents Property Tax
9 Program from \$2,000 to \$3000.

10 Part L requires the State to reimburse municipalities for 100% of taxes lost by reason
11 of the homestead property tax exemption.

12 Part M provides that a lien for unpaid property taxes may not be foreclosed against
13 the homestead of a person who is at least 65 years of age and has lived in the homestead
14 for at least 10 years until the property is transferred by deed or upon death. Liens would
15 continue in effect and would accrue interest until the lien is satisfied.