

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 1631

H.P. 1139

House of Representatives, March 21, 2007

### An Act To Cut Taxes for Working-income Mainers

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative FAIRCLOTH of Bangor.  
Cosponsored by Senator PERRY of Penobscot and  
Representatives: BRAUTIGAM of Falmouth, PINGREE of North Haven, PIOTTI of Unity,  
WATSON of Bath, Senator: STRIMLING of Cumberland.

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

2 **PART A**

3 **Sec. A-1. 36 MRSA §1482, sub-§1, ¶C**, as amended by PL 2001, c. 671, §32, is  
4 further amended to read:

5 C. For the privilege of operating a motor vehicle or camper trailer on the public  
6 ways, each motor vehicle, other than a stock race car, or each camper trailer to be so  
7 operated is subject to excise tax as follows, except as specified in subparagraph (3): a  
8 sum equal to 24 mills on each dollar of the maker's list price for the first or current  
9 year of model, 17 1/2 mills for the 2nd year, 13 1/2 mills for the 3rd year, 10 mills for  
10 the 4th year, 6 1/2 mills for the 5th year and 4 mills for the 6th and succeeding years  
11 unless the vehicle is exempt pursuant to subparagraph (4). The minimum tax is \$5  
12 for a motor vehicle other than a bicycle with motor attached, \$2.50 for a bicycle with  
13 motor attached, \$15 for a camper trailer other than a tent trailer and \$5 for a tent  
14 trailer. The excise tax on a stock race car is \$5.

15 (1) On new registrations of automobiles, trucks and truck tractors, the excise tax  
16 payment must be made prior to registration and is for a one-year period from the  
17 date of registration.

18 (2) Vehicles registered under the International Registration Plan are subject to  
19 an excise tax determined on a monthly proration basis if their registration period  
20 is less than 12 months.

21 (3) For commercial vehicles manufactured in model year 1996 and after, the  
22 amount of excise tax due for trucks or truck tractors registered for more than  
23 26,000 pounds and for Class A special mobile equipment, as defined in Title 29-  
24 A, section 101, subsection 70, is based on the purchase price in the original year  
25 of title rather than on the list price. Verification of purchase price for the  
26 application of excise tax is determined by the initial bill of sale or the state sales  
27 tax document provided at point of purchase. The initial bill of sale is that issued  
28 by the dealer to the initial purchaser of a new vehicle.

29 (4) Motor vehicles that have a manufacturer's estimated highway mileage rating  
30 in accordance with the following schedule are not subject to the excise tax for the  
31 6th and succeeding model years.

<u>Tax Year</u>	<u>Manufacturer's Estimated Highway Mileage</u>
34 <u>2008</u>	<u>at least 30 miles per gallon</u>
35 <u>2009</u>	<u>at least 31 miles per gallon</u>
36 <u>2010</u>	<u>at least 32 miles per gallon</u>
37 <u>2011</u>	<u>at least 33 miles per gallon</u>
38 <u>2012</u>	<u>at least 34 miles per gallon</u>
39 <u>2013</u>	<u>at least 35 miles per gallon</u>
40 <u>2014</u>	<u>at least 36 miles per gallon</u>
41 <u>2015</u>	<u>at least 37 miles per gallon</u>

1	<u>2016</u>	<u>at least 38 miles per gallon</u>
2	<u>2017</u>	<u>at least 39 miles per gallon</u>
3	<u>2018 and after</u>	<u>at least 40 miles per gallon</u>

4 For motor vehicles being registered pursuant to Title 29-A, section 405, subsection 1,  
5 paragraph C, the excise tax must be prorated for the number of months in the  
6 registration.

7 **Sec. A-2. Effective date.** This Part takes effect January 1, 2008.

8 **PART B**

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

11 **2. Source of fund.** Beginning July 1, 2003 and every July 1st thereafter, the State  
12 Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as  
13 certified by the State Tax Assessor, that is equivalent to 5% ~~of 50%~~ of the ~~7%~~ 14% tax  
14 imposed on tangible personal property and taxable services pursuant to Title 36, section  
15 1811 and 5% of 70% of the 10% tax on the value of rental of living quarters in any hotel,  
16 rooming house or tourist or trailer camp, for the first 6 months of the prior fiscal year  
17 after the reduction for the transfer to the Local Government Fund as described by Title  
18 30-A, section 5681, subsection 5. Beginning on October 1, 2003 and every October 1st  
19 thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund  
20 an amount, as certified by the State Tax Assessor, that is equivalent to 5% ~~of 50%~~ of the  
21 ~~7%~~ 14% tax imposed on tangible personal property and taxable services pursuant to Title  
22 36, section 1811 and 5% of 70% of the 10% tax on the value of rental of living quarters in  
23 any hotel, rooming house or tourist or trailer camp, for the last 6 months of the prior  
24 fiscal year after the reduction for the transfer to the Local Government Fund. The tax  
25 amount must be based on actual sales for that fiscal year and may not consider any  
26 accruals that may be required by law. The amount transferred from General Fund sales  
27 and use tax revenues does not affect the calculation for the transfer to the Local  
28 Government Fund.

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

31 A tax is imposed on the value of all tangible personal property and taxable services  
32 sold at retail in this State. The rate of tax is ~~7%~~ 14% on the value of liquor sold in  
33 licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance  
34 with Title 28-A, chapter 43; ~~7%~~ 10% on the value of rental of living quarters in any hotel,  
35 rooming house or tourist or trailer camp; ~~40%~~ 15% on the value of rental for a period of  
36 less than one year of an automobile; 7% on the value of prepared food; and 5% on the  
37 value of all other tangible personal property and taxable services. Value is measured by  
38 the sale price, except as otherwise provided.

39 **Sec. B-3. 36 MRSA §1812, sub-§1, ¶E** is enacted to read:

1        E. If the tax rate is 14%:

2	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
3	<u>\$0.01 to \$0.03, inclusive</u>	<u>0¢</u>
4	<u>.05 to .10, inclusive</u>	<u>1¢</u>
5	<u>.11 to .17, inclusive</u>	<u>2¢</u>
6	<u>.18 to .24, inclusive</u>	<u>3¢</u>
7	<u>.25 to .32, inclusive</u>	<u>4¢</u>
8	<u>.33 to .39, inclusive</u>	<u>5¢</u>
9	<u>.40 to .46, inclusive</u>	<u>6¢</u>
10	<u>.47 to .53, inclusive</u>	<u>7¢</u>
11	<u>.54 to .60, inclusive</u>	<u>8¢</u>
12	<u>.61 to .67, inclusive</u>	<u>9¢</u>
13	<u>.68 to .74, inclusive</u>	<u>10¢</u>
14	<u>.75 to .82, inclusive</u>	<u>11¢</u>
15	<u>.83 to .89, inclusive</u>	<u>12¢</u>
16	<u>.90 to .96, inclusive</u>	<u>13¢</u>
17	<u>.97 to 1.00, inclusive</u>	<u>14¢</u>

18        **Sec. B-4. 36 MRSA §1812, sub-§1, ¶F** is enacted to read:

19        F. If the tax rate is 15%:

20	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
21	<u>\$0.01 to \$0.03, inclusive</u>	<u>0¢</u>
22	<u>.04 to .09, inclusive</u>	<u>1¢</u>
23	<u>.10 to .16, inclusive</u>	<u>2¢</u>
24	<u>.17 to .22, inclusive</u>	<u>3¢</u>
25	<u>.23 to .29, inclusive</u>	<u>4¢</u>
26	<u>.30 to .36, inclusive</u>	<u>5¢</u>
27	<u>.37 to .42, inclusive</u>	<u>6¢</u>
28	<u>.43 to .49, inclusive</u>	<u>7¢</u>
29	<u>.50 to .56, inclusive</u>	<u>8¢</u>
30	<u>.57 to .62, inclusive</u>	<u>9¢</u>
31	<u>.63 to .69, inclusive</u>	<u>10¢</u>
32	<u>.70 to .76, inclusive</u>	<u>11¢</u>
33	<u>.77 to .82, inclusive</u>	<u>12¢</u>
34	<u>.83 to .89, inclusive</u>	<u>13¢</u>
35	<u>.90 to .96, inclusive</u>	<u>14¢</u>
36	<u>.97 to 1.00, inclusive</u>	<u>15¢</u>

37        **Sec. B-5. Effective date.** This Part takes effect October 1, 2007.

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**PART C**

**Sec. C-1. 36 MRSA §5219-N, sub-§1**, as amended by PL 2003, c. 390, §48, is repealed and the following enacted in its place:

**1. Generally.** Except as provided in subsection 2, an individual in a category described in this subsection is allowed a credit equal to the tax otherwise imposed on that individual by this Part. In no case may this credit reduce the Maine income tax to less than zero. An individual qualifies for the credit described in this section if:

A. The individual is filing as a single individual or is married and filing separately and the individual's Maine taxable income determined as if the individual were a resident individual for the entire year is \$4,000 or less;

B. The individual is filing a return as a head of household and the taxable income on the return determined as if the individual were a resident individual for the entire year is \$6,000 or less; or

C. The individual is filing a married joint return and the taxable income on the return determined as if the individuals were resident individuals for the entire year is \$8,000 or less.

**Sec. C-2. Application.** This Part applies to tax years beginning on or after January 1, 2007.

**PART D**

**Sec. D-1. 36 MRSA §5124-A, first ¶**, as amended by PL 2005, c. 12, Pt. P, §5, is further amended to read:

The standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, except that for tax years beginning after 2002 but before 2007, the Code, Section 63(c)(2) must be applied as if the basic standard deduction is \$5,000 in the case of a joint return and a surviving spouse and \$2,500 in the case of a married individual filing a separate return.

**PART E**

**Sec. E-1. 36 MRSA §5126, first ¶**, as amended by PL 2001, c. 583, §16, is further amended to read:

~~For income tax years beginning on or after January 1, 1998 but before January 1, 1999, a resident individual is allowed \$2,400 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, 1999 but before 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, 2007, a resident individual is allowed \$2,850 for each exemption that the individual properly~~

1 claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed  
2 as a dependent on another return. For tax years beginning on or after January 1, 2007, a  
3 resident individual is allowed the same amount allowed under Section 151 of the Code  
4 for each exemption that the individual properly claims for the taxable year for federal  
5 income tax purposes, unless the taxpayer is claimed as a dependent on another return.

## 6 PART F

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

9 A tax is imposed ~~for each taxable year beginning on or after January 1, 2000~~, on the  
10 Maine taxable income of every resident individual of this State. The amount of the tax is  
11 determined as provided in this section, except that the rates provided in this section for  
12 tax years beginning on or after January 1, 2007 must be adjusted as provided by section  
13 5111-C.

14 **Sec. F-2. 36 MRSA §5111-C** is enacted to read:

### 15 **§5111-C. Reductions in individual income tax rates**

16 **1. Rate reduction in 2007.** For tax years beginning in 2007, the 8.5% tax rates  
17 contained in section 5111, subsections 1-B, 2-B and 3-B are reduced to 8.25%.

18 **2. Materials.** The State Tax Assessor shall incorporate the changes arising from this  
19 section into the forms, instructions and withholding tables for the appropriate tax years.

## 20 PART G

21 **Sec. G-1. 36 MRSA §6201, sub-§1**, as amended by PL 2005, c. 2, Pt. E, §1 and  
22 affected by §§7 and 8, is further amended to read:

23 **1. Benefit base.** "Benefit base" means property taxes accrued or rent constituting  
24 property taxes accrued. In the case of a claimant paying both rent and property taxes for  
25 a homestead, benefit base means both property taxes accrued and rent constituting  
26 property taxes accrued. The benefit base may not exceed ~~\$3,000 for single member~~  
27 ~~households and \$4,000 for households with 2 or more members~~ \$6,000.

28 **Sec. G-2. 36 MRSA §6207, sub-§1, ¶A-1**, as amended by PL 2005, c. 2, Pt. E,  
29 §4 and affected by §§7 and 8, is further amended to read:

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

33 **Sec. G-3. Application.** This Part applies to applications for benefits filed on or  
34 after August 1, 2007.

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**PART H**

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

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

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

B. Admission to fairs, including state fairs, county fairs, agricultural fairs and book fairs;

C. Admission to sporting events, including horse races;

D. Admission to exhibition shows that are open to the general public, including flower and garden shows, animal shows, auto shows and watercraft shows;

E. Admission to motion pictures, concerts, plays, musicals, ballets, operas, comedy shows, puppet shows, magic shows, carnivals, circuses and theatrical productions;

F. Admission to dance halls, amusement parks, theme parks, miniature golf courses, snow parks and water parks;

G. All services, including lessons, provided by flight centers, marinas, golf courses, driving ranges, shooting ranges, alpine ski areas, cross-country ski touring centers, ice skating rinks, roller skating rinks, dance halls and centers, bowling centers, swimming pools, racetracks, billiard parlors, riding stables, whitewater rafting centers and recreational athletic facilities of any kind, other than the sale of meals and the rental of living quarters;

H. Services provided by, and the charging of fees for admission to or membership in, commercial recreational membership organizations, including health and fitness clubs, golf clubs, tennis clubs and country clubs, whether payable by annual fee or otherwise;

I. Admission to privately owned and operated museums, planetariums, historical sites, zoological parks, zoological gardens, wild animal parks, petting zoos, botanical gardens and aquariums; and

J. Airplane, helicopter, balloon, dirigible, blimp, watercraft, railroad, bus and wagon rides for amusement or sightseeing purposes.

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

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

"Grocery staples" does not include spirituous, malt or vinous liquors; soft drinks, iced tea, sodas or beverages such as are ordinarily dispensed at bars or soda fountains or in connection with bars or soda fountains; medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, capsule, lozenge or pill form, sold as dietary



1 supplements or adjuncts, except when sold on the prescription of a physician; water,  
2 including mineral bottled and carbonated waters and ice; dietary substitutes; candy and  
3 confections; snack food; and prepared food.

4 **Sec. H-3. 36 MRSA §1752, sub-§5-C** is enacted to read:

5 **5-C. Legal services.** “Legal services” means professional services provided by an  
6 attorney-at-law and that attorney’s support staff.

7 **Sec. H-4. 36 MRSA §1752, sub-§8-C** is enacted to read:

8 **8-C. Personal property services.** “Personal property services” means the alteration,  
9 cleaning, installation, repair, rental, moving, restoration, storage, appraisal and  
10 maintenance of personal property, including motor vehicles, watercraft, snowmobiles, all-  
11 terrain vehicles, appliances, bicycles, jewelry, cameras, timepieces, firearms, musical  
12 instruments, electronic and electrical goods, clothing, footwear, leather goods, furniture,  
13 rugs and carpets. “Personal property services” includes, but is not limited to:

14 A. The upholstering and reupholstering of furniture;

15 B. Same-day courier and delivery services;

16 C. The rental of moorings, slips and docks, but only for noncommercial watercraft;

17 D. Dry cleaning, laundry and clothing storage services;

18 E. Photograph restoration and photographic film development;

19 F. Art restoration and conservation; and

20 G. Picture framing.

21 “Personal property services” does not include the rental of items subject to a tax under  
22 chapter 358 or the interstate moving of furniture and other household goods.

23 **Sec. H-5. 36 MRSA §1752, sub-§8-D** is enacted to read:

24 **8-D. Personal services.** “Personal services” means:

25 A. All services provided by tanning salons, tattoo parlors, massage therapists and  
26 massage parlors;

27 B. Ear and body piercing services;

28 C. Dance instruction;

29 D. Driving instruction;

30 E. Escort, dating and social introduction services;

31 F. Flower, balloon and singing telegram delivery services;

32 G. Pet grooming and boarding services;

33 H. Rental of storage lockers and other self-storage space;

34 I. Laundry and diaper services;

- 1        J. Catering services; and
- 2        K. Home grocery delivery service and other home delivery services.

3        **Sec. H-6. 36 MRSA §1752, sub-§9-E** is enacted to read:

4        **9-E. Real property services.** "Real property services" means the following services  
5        when provided with regard to real property:

- 6        A. Interior painting, wallpapering, decorating and designing;
- 7        B. Property cleaning and organizing;
- 8        C. Disinfection and pest extermination or control services;
- 9        D. Locksmithing, alarm and security services;
- 10       E. Swimming pool installation, repair, cleaning and maintenance;
- 11       F. Waste management and remediation services;
- 12       G. Rug and carpet installation, cleaning and repair;
- 13       H. Floor maintenance, including sanding, polishing, waxing and coating;
- 14       I. Chimney sweeping and cleaning services; and
- 15       J. Hot tub installation, repair, cleaning and maintenance.

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

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

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

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

28       **Sec. H-8. 36 MRSA §1752, sub-§11, ¶B**, as amended by PL 2005, c. 218, §15,  
29       is further amended to read:

30       B. "Retail sale" does not include:

31       (1) Any casual sale;

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

- 1 (3) The sale, to a person engaged in the business of renting automobiles, of  
2 automobiles, integral parts of automobiles or accessories to automobiles, for  
3 rental or for use in an automobile rented on a short-term basis;
- 4 (4) The sale, to a person engaged in the business of renting video media and  
5 video equipment, of video media or video equipment for rental;
- 6 (5) The sale, to a person engaged in the business of renting or leasing  
7 automobiles, of automobiles for rental or lease for one year or more;
- 8 (6) The sale, to a person engaged in the business of providing cable or satellite  
9 television or radio services, of associated equipment for rental or lease to  
10 subscribers in conjunction with a sale of ~~extended~~ cable or ~~extended~~ satellite  
11 television or radio services; or
- 12 (7) The sale, to a person engaged in the business of renting furniture, or audio  
13 media and audio equipment, of furniture, audio media or audio equipment for  
14 rental pursuant to a rental-purchase agreement as defined in Title 9-A, section 11-  
15 105.

16 **Sec. H-9. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2005, c. 675, §1  
17 and affected by §2, is further amended to read:

- 18 B. "Sale price" does not include:
- 19 (1) Discounts allowed and taken on sales;
- 20 (2) Allowances in cash or by credit made upon the return of merchandise  
21 pursuant to warranty;
- 22 (3) The price of property returned by customers, when the full price is refunded  
23 either in cash or by credit;
- 24 (4) The price received for labor or services used in installing or applying or  
25 repairing the property sold; if separately charged or stated unless the labor or  
26 services are taxable services as defined in subsection 17-B;
- 27 (5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically  
28 stated service charge, when that amount is to be disbursed by a hotel, motel,  
29 restaurant or other eating establishment to its employees as wages;
- 30 (6) The amount of any tax imposed by the United States on or with respect to  
31 retail sales, whether imposed upon the retailer or the consumer, except any  
32 manufacturers', importers', alcohol or tobacco excise tax;
- 33 (7) The cost of transportation from the retailer's place of business or other point  
34 from which shipment is made directly to the purchaser, ~~provided that~~ if those  
35 charges are separately stated and the transportation occurs by means of common  
36 carrier, contract carrier or the United States mail;
- 37 (8) The fee imposed by Title 10, section 1169, subsection 11;
- 38 (9) The fee imposed by section 4832, subsection 1;
- 39 (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection  
40 2-B; or

1 (11) Any amount charged or collected by a person engaged in the rental of living  
2 quarters as a forfeited room deposit or cancellation fee if the prospective  
3 occupant of the living quarters cancels the reservation on or before the scheduled  
4 date of arrival.

5 **Sec. H-10. 36 MRSA §1752, sub-§14-F** is enacted to read:

6 **14-F. Snack food.** "Snack food" means any item that is ordinarily sold for  
7 consumption without further preparation or that requires no preparation other than  
8 combining the item with a liquid; that may be stored unopened without refrigeration,  
9 except that ice cream, ice milk, frozen yogurt and sherbert are snack foods; and that is not  
10 generally considered a major component of a well-balanced meal. "Snack food" includes,  
11 but is not limited to, corn chips, potato chips, processed fruit snacks, fruit rolls, fruit bars,  
12 popped popcorn, pork rinds, pretzels, cheese sticks, cheese puffs, granola bars, breakfast  
13 bars, bread sticks, roasted nuts, doughnuts, cookies, crackers, pastries, toaster pastries,  
14 croissants, cakes, pies, ice cream cones, marshmallows, marshmallow creme, soft drinks,  
15 ice cream sauces, ready-to-eat puddings, beef jerky, meat bars and dips.

16 **Sec. H-11. 36 MRSA §1752, sub-§14-G** is enacted to read:

17 **14-G. Soft drinks.** "Soft drinks" means nonalcoholic beverages that contain natural  
18 or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or  
19 milk products; soy, rice or similar milk substitutes; or more than 50% vegetable or fruit  
20 juice by volume.

21 **Sec. H-12. 36 MRSA §1752, sub-§17-B**, as enacted by PL 2003, c. 673, Pt. V,  
22 §19 and affected by §29, is repealed and the following enacted in its place:

23 **17-B. Taxable service.** "Taxable service" means:

24 A. Rental of living quarters in a hotel, rooming house or tourist or trailer camp;

25 B. Transmission and distribution of electricity;

26 C. Rental or lease of an automobile;

27 D. Sale of prepaid calling service;

28 E. Amusement and recreational services;

29 F. Personal services;

30 G. Personal property services;

31 H. Real property services;

32 I. Lawn and landscaping services, including tree trimming and removal;

33 J. Taxi and limousine services;

34 K. Safe deposit box rental; and

35 L. Legal services.

36 **Sec. H-13. 36 MRSA §1760, sub-§4**, as amended by PL 1967, c. 89, is repealed.

1       **Sec. H-14. 36 MRSA §1760, sub-§12-A**, as amended by PL 1995, c. 634, §1  
2 and affected by §2, is repealed.

3       **Sec. H-15. 36 MRSA §1760, sub-§20**, as amended by PL 1991, c. 546, §20, is  
4 further amended to read:

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

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

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

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

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

18       **Sec. H-16. 36 MRSA §1760, sub-§34**, as amended by PL 2005, c. 218, §23, is  
19 repealed.

20       **Sec. H-17. 36 MRSA §1760, sub-§52**, as enacted by PL 1985, c. 737, Pt. A, §96,  
21 is repealed.

22       **Sec. H-18. 36 MRSA §2015, sub-§2, ¶B**, as enacted by PL 1993, c. 701, §8 and  
23 affected by §10, is amended to read:

24       B. ~~Three-tenths~~ Two-tenths of the amount of tax paid to the State by the taxpayer  
25 resulting from the tax on the rental of automobiles for a period of less than one year  
26 during the most recently completed period from July 1st to June 30th.

27       **Sec. H-19. 36 MRSA §2551, sub-§2**, as amended by PL 2005, c. 12, Pt. TTT, §2  
28 and affected by §4, is further amended to read:

29       **2. Cable and satellite television or radio services.** ~~"Extended-cable~~ Cable and  
30 satellite television or radio services" means all cable and satellite television or radio  
31 service that is in addition to the minimum service that can be purchased from a cable or  
32 satellite television supplier, including the use of associated equipment for which a charge  
33 is made. It does not include installation of the associated equipment for which a separate  
34 charge is levied.

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

1 **20. Telecommunications services.** "Telecommunications services" means all  
2 telecommunications services as described in this subsection.

3 A. "Telecommunications services" includes:

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

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

13 (3) Directory advertising services.

14 B. "Telecommunications services" does not include:

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

17 (2) Access services;

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

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

21 (5) The lease of telecommunications equipment;

22 (6) Prepaid calling service; or

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

25 **Sec. H-21. 36 MRSA §2552, sub-§1, ¶A,** as amended by PL 2005, c. 12, Pt.  
26 TTT, §3 and affected by §4, is further amended to read:

27 A. ~~Extended-cable~~ Cable and satellite television or radio services;

28 **Sec. H-22. Application.** That section of this Part that amends the Maine Revised  
29 Statutes, Title 36, section 1760, subsection 20 applies to all rentals of any hotel, rooming  
30 house or tourist or trailer camp for occupancy on or after January 1, 2007, regardless of  
31 the date on which payment for the rental is made.

32 **Sec. H-23. Effective date.** This Part takes effect October 1, 2007.

## 33 PART I

34 **Sec. I-1. 28-A MRSA §2, sub-§29-B** is enacted to read:

35 **29-B. Small manufacturer.** "Small manufacturer" means a manufacturer of malt  
36 liquor who produces less than 2,250,000 gallons of malt liquor annually.

1           **Sec. I-2. 28-A MRSA §1652, sub-§1**, as repealed and replaced by PL 1987, c.  
2       342, §116, is amended to read:

3           **1. Excise tax on malt liquor.** An excise tax is imposed on the privilege of  
4       manufacturing and selling malt liquor in the State. The Maine manufacturer or importing  
5       wholesale licensee who is not a small manufacturer shall pay an excise tax of ~~25¢~~ 85¢ per  
6       gallon on all malt liquor sold in the State.

7           **Sec. I-3. 28-A MRSA §1652, sub-§1-B** is enacted to read:

8           **1-B. Excise tax on malt liquor produced by a small manufacturer.** An excise tax  
9       is imposed on the privilege of manufacturing and selling malt liquor in the State. The  
10      Maine manufacturer or importing wholesale licensee who qualifies as a small  
11      manufacturer shall pay an excise tax of 60¢ per gallon on all malt liquor sold in the State.

12          **Sec. I-4. 28-A MRSA §1652, sub-§2**, as amended by PL 1997, c. 767, §4, is  
13      further amended to read:

14          **2. Excise tax on wine; hard cider.** An excise tax is imposed on the privilege of  
15      manufacturing and selling wine in the State. The Maine manufacturer or importing  
16      wholesale licensee shall pay an excise tax of ~~30¢~~ \$1 per gallon on all wine ~~other than~~ and  
17      sparkling wine manufactured in or imported into the State, ~~\$1 per gallon on all sparkling~~  
18      ~~wine manufactured in or imported into the State~~ and ~~25¢~~ \$1 per gallon on all hard cider  
19      manufactured in or imported into the State.

20          **Sec. I-5. Effective date.** This Part takes effect October 1, 2007.

21   **PART J**

22          **Sec. J-1. 36 MRSA c. 720** is enacted to read:

23   **CHAPTER 720**

24   **SOFT DRINK AND SYRUP TAX**

25          **§4851. Definitions**

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

28          **1. Bottle.** "Bottle" means any closed or sealed glass, metal, paper or plastic  
29      container or any other type of container regardless of the size or shape of the container.

30          **2. Bottled soft drink.** "Bottled soft drink" means any ready-to-consume soft drink  
31      contained in a bottle.

32          **3. Distributor, manufacturer or wholesale dealer.** "Distributor, manufacturer or  
33      wholesale dealer" means any person who receives, stores, manufactures, bottles or sells  
34      bottled soft drinks, syrup, simple syrup or powder or base products for mixing,

1 compounding or making soft drinks for sale to retailers or other manufacturers, wholesale  
2 dealers or distributors for resale purposes.

3 **4. Milk.** "Milk" means natural liquid milk regardless of animal source or butterfat  
4 content; natural milk concentrate, whether or not reconstituted, regardless of animal  
5 source or butterfat content; or dehydrated natural milk, whether or not reconstituted.

6 **5. Natural fruit juice.** "Natural fruit juice" means the original liquid resulting from  
7 the pressing of fruit, the liquid resulting from the reconstitution of fruit juice concentrate  
8 or the liquid resulting from the restoration of water to dehydrated fruit juice.

9 **6. Natural vegetable juice.** "Natural vegetable juice" means the original liquid  
10 resulting from the pressing of vegetables, the liquid resulting from the reconstitution of  
11 vegetable juice concentrate or the liquid resulting from the restoration of water to  
12 dehydrated vegetable juice.

13 **7. Nonalcoholic beverage.** "Nonalcoholic beverage" means any beverage not  
14 subject to tax under Title 28-A, Part 4.

15 **8. Place of business.** "Place of business" means any place where soft drinks, syrups,  
16 simple syrups or powder or base products are manufactured or any place where bottled  
17 soft drinks, syrup, simple syrup, powder or base product or any other item taxed under  
18 this chapter is received.

19 **9. Powder or base product.** "Powder or base product" means a solid mixture of  
20 basic ingredients used in making, mixing or compounding soft drinks by mixing the  
21 powder or other base with water, ice, syrup, simple syrup, fruits, vegetables, fruit juice,  
22 vegetable juice or any other product suitable to make a soft drink.

23 **10. Retailer.** "Retailer" means any person, other than a distributor, manufacturer or  
24 wholesaler dealer, who receives, stores, mixes, compounds or manufactures any soft  
25 drink and sells or otherwise dispenses the soft drink to the ultimate consumer.

26 **11. Sale.** "Sale" means the transfer of title or possession for a valuable consideration  
27 of tangible personal property regardless of the manner by which the transfer is  
28 accomplished.

29 **12. Simple syrup.** "Simple syrup" means a mixture of sugar and water.

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

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



1 **§4852. Tax rate**

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

- 4 A. Four dollars per gallon of syrup or simple syrup sold or offered for sale;  
5 B. Forty-two cents per gallon of bottled soft drinks sold or offered for sale; and  
6 C. When a package or container of powder or base product is sold or offered for sale  
7 in the State, the tax on the sale of each package or container is equal to 42¢ for each  
8 gallon of soft drink that may be produced from each package or container by  
9 following the manufacturer's instructions. This tax applies when the powder or base  
10 product is sold to a retailer for sale to the ultimate consumer after the soft drink is  
11 produced by the retailer.

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

15 **§4853. Exemptions**

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

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

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

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

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

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

27 **6. Sales to another distributor, manufacturer or wholesale dealer.** Syrups,  
28 simple syrups, powders or base products or soft drinks sold by a distributor, manufacturer  
29 or wholesale dealer to a distributor, manufacturer or wholesale dealer who holds a license  
30 under section 4855 if the license number of the distributor, manufacturer or wholesale  
31 dealer to whom the syrups, simple syrups, powder or base products or soft drinks are sold  
32 is clearly shown on the invoice for the sale that is claimed to be exempt. This exemption  
33 does not apply to any sale to a retailer;

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

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

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

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

8 11. Milk products. Any product containing milk or milk products.

9 **§4854. Reports**

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

19 **§4855. Licenses**

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

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

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

31 **§4856. Penalties**

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

34 2. Failure to obtain license. A person required to obtain a license under section  
35 4855 who fails to do so is subject to the same penalties as for failure to register as a  
36 retailer under section 1754-B.

1 **§4857. Rules**

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

6 **Sec. J-2. Effective date.** This Part takes effect October 1, 2007

7 **PART K**

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

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

11 **1-A. Deeds.** A tax is imposed on the grantor and the grantee with regard to each  
12 deed by which any real property in this State is transferred. The rate of tax that applies to  
13 each grantee and grantor of the real property is:

14 A. For property valued at less than \$100,000, \$1 for each \$1,000 or fractional part of  
15 \$1,000 of the value of the property transferred;

16 B. For property valued at \$100,000 or more but less than \$200,000, \$2 for each  
17 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

18 C. For property valued at \$200,000 or more but less than \$300,000, \$3 for each  
19 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

20 D. For property valued at \$300,000 or more but less than \$500,000, \$4 for each  
21 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

22 E. For property valued at \$500,000 or more but less than \$750,000, \$5 for each  
23 \$1,000 or fractional part of \$1,000 of the value of the property transferred;

24 F. For property valued at \$750,000 or more but less than \$1,000,000, \$6 for each  
25 \$1,000 or fractional part of \$1,000 of the value of the property transferred; and

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

28 **Sec. K-3. 36 MRSA §4641-A, sub-§2, ¶A,** as enacted by PL 2001, c. 559, Pt. I,  
29 §3 and affected by §15, is repealed and the following enacted in its place:

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

32 **Sec. K-4. 36 MRSA §4641-A, sub-§2, ¶B,** as enacted by PL 2001, c. 559, Pt. I,  
33 §3 and affected by §15, is amended to read:

34 B. The tax is imposed 1/2 on the transferor and 1/2 on the transferee, but if the ~~If a~~  
35 transfer or acquisition is not reported to the register of deeds in the county or counties  
36 in which the property is located and the tax is not paid within 30 days of the

1 completion of the transfer or acquisition, the transferor and the transferee are jointly  
2 and severally liable for ~~the full amount~~ both payments.

3 **Sec. K-5. 36 MRSA §4641-B, sub-§4**, as amended by PL 2005, c. 644, §4, is  
4 further amended to read:

5 **4. Distribution of State's share of proceeds.** The State Tax Assessor shall pay all  
6 net receipts received pursuant to this section to the Treasurer of State; and shall at the  
7 same time provide the Treasurer of State with documentation showing the amount of  
8 revenues derived from the tax imposed by section 4641-A, subsection ~~1~~ 1-A and the  
9 amount of revenues derived from the tax imposed by section 4641-A, subsection 2. The  
10 Treasurer of State shall credit ~~1/2~~ 65% of the revenues derived from the tax imposed by  
11 section 4641-A, subsection ~~1~~ 1-A to the General Fund and shall monthly pay the  
12 remaining ~~1/2~~ 35% of such revenues to the Maine State Housing Authority, which shall  
13 deposit the funds in the Housing Opportunities for Maine Fund created in Title 30-A,  
14 section 4853, except that in fiscal year 2003-04, fiscal year 2004-05 and fiscal year 2005-  
15 06, \$7,500,000 of the remaining ~~1/2~~ portion of those revenues must be transferred to the  
16 General Fund before any payments are made to the Maine State Housing Authority and in  
17 fiscal year 2006-07, \$7,687,067 of the remaining ~~1/2~~ portion of those revenues must be  
18 transferred to the General Fund before any payments are made to the Maine State  
19 Housing Authority. The Treasurer of State shall credit to the General Fund all of the  
20 revenues derived from the tax imposed by section 4641-A, subsection 2.

21 **PART L**

22 **Sec. L-1. Appropriations and allocations.** The following appropriations and  
23 allocations are made.

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

25 **Motor Vehicle Excise Tax Exemption Reimbursement**

26 Initiative: Provides funds to reimburse municipalities for the revenue loss associated with  
27 the change in motor vehicle excise taxes.

28

29 <b>GENERAL FUND</b>	<b>2007-08</b>	<b>2008-09</b>
30 All Other	\$34,310,738	\$48,531,657
31		
32 <b>GENERAL FUND TOTAL</b>	<u>\$34,310,738</u>	<u>\$48,531,657</u>

33 **SUMMARY**

34 Part A exempts certain motor vehicles from the excise tax in the 6th and succeeding  
35 model years based on the manufacturer's estimated highway mileage.

36 Part B increases the lodging tax by 3% to 10%, the tax on liquor sold by the glass by  
37 7% to 14% and the tax on certain automobile rentals by 5% to 15%.

1 Part C increases the low-income tax credit under the income tax by increasing the  
2 threshold of taxable income below which no taxes are due from \$2,000 to \$4,000 for  
3 single individuals and married persons filing separately, \$6,000 for persons filing as  
4 heads of households and \$8,000 for persons filing married joint returns.

5 Part D conforms the standard deduction under the income tax to the federal standard  
6 deduction beginning with the 2007 tax year, thereby eliminating the marriage penalty.

7 Part E conforms the personal exemption under the income tax to the same amount as  
8 the federal personal exemption.

9 Part F lowers the top income tax rate from 8.5% to 8.25% for the 2007 tax year.

10 Part G increases the maximum benefit under the Maine Residents Property Tax  
11 Program from \$2,000 to \$3,000 and increases to \$6,000 the maximum amount of property  
12 tax that may be used to calculate benefits.

13 Part H expands the tax base under the sales tax by repealing sales tax exemptions for  
14 packaging materials, ships' stores, certain vending machine sales, railroad track materials  
15 and certain short-term rentals and by extending the sales tax to amusements, personal  
16 services, personal property services, real property services, lawn and landscaping  
17 services, taxi, limousine and same-day courier services, telephone directory advertising  
18 and safe deposit box rental. This Part also reinstates the sales tax on snack foods and  
19 extends the service provider tax to basic cable and satellite television and radio service.

20 Part I increases the excise tax on malt liquor produced by small manufacturers from  
21 25¢ per gallon to 60¢ per gallon, the excise tax on malt liquor produced by other  
22 manufacturers from 25¢ to 85¢ per gallon, on wine from 30¢ per gallon to \$1 per gallon  
23 and on hard cider from 25¢ per gallon to \$1 per gallon.

24 Part J establishes a tax on the distribution, manufacture and wholesale of soft drinks  
25 and soft drink products.

26 Part K changes the rate structure for the real estate transfer tax to provide that a  
27 transferor of the property must pay a transfer tax starting at \$1 per \$1,000 of value of the  
28 property for property valued at less than \$100,000, increasing to \$7 per \$1,000 of value  
29 for real estate with a value exceeding \$1,000,000. The revenue from the portion of the  
30 tax received by the State and attributable to transfers by deed tax is credited 65% to the  
31 General Fund and 35% to the Housing Opportunities for Maine Fund.

32 Part L provides General Fund appropriations to reimburse municipalities for the  
33 revenue loss associated with the change in motor vehicle excise taxes.