

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

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No. 1739

H.P. 1222

House of Representatives, March 26, 2007

An Act Concerning Technical Changes to the Tax Laws

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 204.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND

Clerk

Presented by Representative PIOTTI of Unity.
Cosponsored by Senator PERRY of Penobscot.

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

2 **Sec. 1. 29-A MRSA §525, sub-§2**, as amended by PL 1999, c. 414, §1, is further
3 amended to read:

4 **2. Exceptions.** A person operating a vehicle on a public way, subject to Title 36,
5 chapter ~~457~~ or 459 shall obtain a fuel use identification decal for that vehicle, except for:

6 A. A vehicle owned and operated by government agencies;

7 B. A vehicle legally operating with dealer registration plates;

8 C. A recreational vehicle;

9 D. An authorized emergency vehicle registered in another jurisdiction and operating
10 in response to a declared emergency; or

11 E. A vehicle legally licensed for fuel use reporting under the International Fuel Tax
12 Agreement.

13 **Sec. 2. 29-A MRSA §525, sub-§10**, as amended by PL 2001, c. 463, §1 and
14 affected by §7, is further amended to read:

15 **10. Suspension.** If a person fails to file a fuel tax report or to pay any taxes, interest,
16 penalties or audit assessment as required pursuant to Title 36, chapter ~~457~~ or 459 or any
17 rule adopted pursuant to this section, the Secretary of State shall suspend the person's fuel
18 tax license, all fuel decals issued to the person and that person's privilege to operate as a
19 motor carrier. In order to be reinstated, the person must file all delinquent tax returns and
20 pay all assessments, interest and penalties. In addition, the person must pay a \$35
21 reinstatement fee pursuant to section 2486, subsection 1.

22 **Sec. 3. 29-A MRSA §2458, sub-§2, ¶T**, as enacted by PL 2005, c. 433, §24 and
23 affected by §28, is amended to read:

24 T. Has failed to comply with the provisions of Title 36, chapter ~~457~~ or 459; or

25 **Sec. 4. 36 MRSA §113, sub-§2, ¶A**, as enacted by PL 1999, c. 708, §5, is
26 amended to read:

27 A. The collection of delinquent taxes imposed by this Title; and

28 **Sec. 5. 36 MRSA §113, sub-§2, ¶B**, as enacted by PL 1999, c. 708, §5, is
29 amended to read:

30 B. The collection of property taxes in the unorganized territory; ~~and~~.

31 **Sec. 6. 36 MRSA §113, sub-§2, ¶C**, as enacted by PL 1999, c. 708, §5, is
32 repealed.

33 **Sec. 7. 36 MRSA §135, sub-§1**, as amended by PL 2001, c. 396, §3, is further
34 amended to read:

1 **1. Taxpayers.** Persons subject to tax under this Title shall maintain such records as
2 the State Tax Assessor determines necessary for the reasonable administration of this
3 Title. Records pertaining to taxes imposed by chapters 371 and 575 and by Part 8 must
4 be retained as long as is required by applicable federal law and regulation. Records
5 pertaining to the special fuel tax user ~~reports~~ returns filed pursuant to section 3209,
6 subsection 2 and the International Fuel Tax Agreement pursuant to section 3209,
7 subsection 1-B must be retained for 4 years. Records pertaining to all other taxes
8 imposed by this Title must be retained for a period of at least 6 years. The records must
9 be kept in such a manner as to ensure their security and accessibility for inspection by the
10 assessor or any designated agent engaged in the administration of this Title.

11 **Sec. 8. 36 MRSA §177, sub-§3,** as amended by PL 1999, c. 414, §8, is further
12 amended to read:

13 **3. Notice to segregate.** Whenever the State Tax Assessor finds that the payment of
14 the trust funds established under subsection 1 will be jeopardized by delay, neglect or
15 misappropriation or whenever any person fails to make payment of taxes or file ~~reports~~
16 returns as required by Part 3, or by chapter 451, 459 or 827, the assessor may direct that
17 person to segregate the trust funds from and not to commingle them with any other funds
18 or assets of that person. All taxes that are collected after receipt of the notice of the
19 segregation requirement must be paid on account to the assessor until the taxes are due.
20 The assessor shall establish in the segregation notice the manner in which the taxes are to
21 be paid. The segregation requirement remains in effect until a notice of cancellation is
22 given by the assessor.

23 **Sec. 9. 36 MRSA §187-B, sub-§1, ¶B,** as amended by PL 1999, c. 521, Pt. A,
24 §2, is further amended to read:

25 B. If the return is not filed within 30 days after the taxpayer receives from the
26 assessor a formal demand that the return be filed, the penalty is 100% of the tax due.
27 The 30-day period provided by this paragraph is extended for up to 120 days if the
28 taxpayer requests an extension in writing prior to the expiration of the 30-day period.

29 **Sec. 10. 36 MRSA §191, sub-§2, ¶EE,** as enacted by PL 2005, c. 332, §9, is
30 amended to read:

31 EE. The disclosure by the State Tax Assessor of the fact that a person has or has not
32 been issued a certificate of exemption pursuant to section 1760, 2013 or 2557, a
33 provisional resale certificate pursuant to section 1754-B, subsection 2-B or a resale
34 certificate pursuant to section 1754-B, subsection 2-C;

35 **Sec. 11. 36 MRSA §306, sub-§3,** as repealed and replaced by PL 1975, c. 545,
36 §7, is amended to read:

37 **3. Municipal assessing unit.** "Municipal assessing unit" ~~shall mean any~~ means a
38 municipality choosing that has chosen not to be designated by the ~~Bureau of Property~~
39 ~~Taxation~~ State Tax Assessor as a primary assessing area, either single unit or district
40 member.

1 **Sec. 12. 36 MRSA §574-B, first ¶**, as enacted by PL 1989, c. 555, §16, is
2 amended to read:

3 An owner of a parcel containing forest land may apply at the landowner's election by
4 filing with the assessor the schedule provided for in section 579; except that this
5 subchapter ~~shall~~ does not apply to any parcel containing less than 10 acres of forest land.
6 For purposes of this subchapter, a parcel is deemed to include a unit of real estate,
7 notwithstanding that it is divided by a road, way, railroad or pipeline, or by a municipal
8 or county line. The election to apply ~~shall require~~ requires the ~~unanimous written~~ consent
9 of all owners of an interest in a parcel; except for the State, ~~which is not subject to~~
10 ~~taxation hereunder~~.

11 **Sec. 13. 36 MRSA §577, sub-§1**, as amended by PL 1973, c. 308, §6, is repealed.

12 **Sec. 14. 36 MRSA §577, sub-§2**, as amended by PL 1973, c. 308, §6, is further
13 amended to read:

14 **2. Destruction by natural disaster.** In the case of forest land areas upon which, ~~at~~
15 ~~any time after January 1, 1972~~ the trees are destroyed by fire, disease, insect, infestation
16 or other natural disaster, so that the area contains not more than 3 cords per acre of wood
17 ~~which that~~ is merchantable for forest products, the valuation of that specific land area
18 ~~shall~~ must be reduced by 75% for the first 10 property tax years following the loss.

19 **Sec. 15. 36 MRSA §577, sub-§3**, as amended by PL 1973, c. 308, §6, is further
20 amended to read:

21 **3. Procedure to obtain reduced valuation.** In order to obtain a reduced valuation,
22 the landowner ~~shall make~~ must submit a written request to the assessor on or before
23 January 1st the preceding tax year, presenting facts in affidavit form ~~which that~~ meet
24 ~~either of the foregoing~~ requirements of subsection 2. The assessor may investigate the
25 facts, utilizing the procedures set forth in section 579, and shall then determine whether
26 the requirements ~~for reduced valuation of subsection 2~~ are met. If the requirements are
27 met, ~~such the~~ forest land areas ~~shall~~ must be assessed on the reduced basis ~~herein~~ valued
28 as provided in subsection 2.

29 **Sec. 16. 36 MRSA §578, sub-§1**, as amended by PL 2005, c. 457, Pt. CCC, §1, is
30 further amended to read:

31 **1. Organized areas.** The municipal assessors or chief assessor of a primary
32 assessing area shall adjust the State Tax Assessor's 100% valuation per acre for each
33 forest type of their county by whatever ratio, or percentage of current just value, is
34 applied to other property within the municipality to obtain the assessed values. Forest
35 land in the organized areas, subject to taxation under this subchapter, must be taxed at the
36 property tax rate applicable to other property in the municipality.

37 The State Tax Assessor shall determine annually the amount of acreage in each
38 municipality that is classified and taxed in accordance with this subchapter. Each ~~such~~
39 municipality is entitled to annual payments from money appropriated by the Legislature if
40 it submits an annual return in accordance with section 383 and if it achieves the

1 ~~appropriate~~ minimum assessment ratio ~~described~~ established in section 327. The State
2 Tax Assessor shall pay any municipal claim found to be in satisfactory form by August
3 1st of the year following the submission of the annual return. The per acre
4 reimbursement is 90% of the per acre tax revenue lost as a result of this subchapter. For
5 purposes of this section, the tax lost is the tax that would have been assessed, but for this
6 subchapter, on the classified forest lands if they were assessed according to the
7 undeveloped acreage valuations used in the state valuation then in effect, or according to
8 the current local valuation on undeveloped acreage, whichever is less, minus the tax that
9 was actually assessed on the same lands in accordance with this subchapter. A
10 municipality that fails to achieve the minimum assessment ratio established in section 327
11 loses 10% of the reimbursement provided by this section for each one percentage point
12 the minimum assessment ratio falls below the ratio established in section 327.

13 ~~No~~ A municipality may not receive a reimbursement payment under this section that
14 would exceed an amount determined by calculating the tree growth tax loss less the
15 municipal savings in educational costs attributable to reduced state valuation. The State
16 Tax Assessor shall adopt rules necessary to implement the provisions of this section.
17 Rules adopted pursuant to this subsection are routine technical rules for the purposes of
18 Title 5, chapter 375, subchapter 2-A.

19 ~~A. The tree growth tax loss is the adjusted tax that would have been assessed, but for~~
20 ~~this subchapter, on the classified forest lands if they were assessed according to the~~
21 ~~undeveloped acreage valuations used in the state valuation then in effect minus the~~
22 ~~tax that was actually assessed on the same lands in accordance with this subchapter.~~

23 ~~In determining the adjusted tax that would have been assessed, the tax rate to be used~~
24 ~~is computed by adding the additional school support required by the modified state~~
25 ~~valuation attributable to the increased valuation of forest land to the original tax~~
26 ~~committed and dividing this sum by the modified total municipal valuation. The~~
27 ~~adjusted tax rate is then applied to the valuation of forest land based on the~~
28 ~~undeveloped acreage valuations, adjusted by the certified ratio, to determine the~~
29 ~~adjusted tax.~~

30 ~~B. The municipal savings in educational costs is determined by multiplying the~~
31 ~~school subsidy index by the change in state valuation attributable to the use of the~~
32 ~~valuations determined in accordance with this subchapter on classified forest lands~~
33 ~~rather than their valuation using the undeveloped acreage valuations used in the state~~
34 ~~valuation then in effect.~~

35 **Sec. 17. 36 MRSA §579, 2nd ¶**, as enacted by PL 1981, c. 625, §3, is repealed.

36 **Sec. 18. 36 MRSA §581**, as amended by PL 1993, c. 452, §5, is repealed and the
37 following enacted in its place:

38 **§581. Withdrawal**

39 **1. Assessor determination; owner request.** If the assessor determines that land
40 subject to this subchapter no longer meets the requirements of this subchapter, the
41 assessor must withdraw the land from taxation under this subchapter. An owner of land
42 subject to this subchapter may at any time request withdrawal of that land from taxation

1 under this subchapter by certifying in writing to the assessor that the land is no longer to
2 be classified under this subchapter.

3 **2. Withdrawal of portion.** In the case of withdrawal of a portion of a parcel, the
4 owner, as a condition of withdrawal, shall file with the assessor a plan showing the area
5 withdrawn and the area remaining subject to taxation under this subchapter. In the case
6 of withdrawal of a portion of a parcel, the resulting portions must be treated after the
7 withdrawal as separate parcels under section 708.

8 **3. Penalty.** If the land is withdrawn from taxation under this subchapter, the
9 assessor shall impose a penalty upon the owner. The penalty is the greater of:

10 A. An amount equal to the taxes that would have been assessed on the first day of
11 April for the 5 tax years, or any lesser number of tax years starting with the year in
12 which the land was first classified, preceding the withdrawal had that land been
13 assessed in each of those years at its just value on the date of withdrawal. That
14 amount must be reduced by all taxes paid on that land over the preceding 5 years, or
15 any lesser number of tax years starting with the year in which the land was first
16 classified, and increased by interest at the prevailing municipal rate from the date or
17 dates on which those amounts would have been payable; and

18 B. An amount computed by multiplying the amount, if any, by which the just value
19 of the land on the date of withdrawal exceeds the 100% valuation of the land pursuant
20 to this subchapter on the preceding April 1st by the following rates:

21 (1) If the land was subject to valuation under this subchapter for 10 years or less
22 prior to the date of withdrawal, the rate is 30%; and

23 (2) If the land was subject to valuation under this subchapter for more than 10
24 years prior to the date of withdrawal, the rate is that percentage obtained by
25 subtracting 1% from 30% for each full year beyond 10 years that the land was
26 subject to valuation under this subchapter prior to the date of withdrawal, except
27 that the minimum rate is 20%.

28 For purposes of this subsection, just value at the time of withdrawal is the assessed just
29 value of comparable property in the municipality adjusted by the municipality's certified
30 assessment ratio.

31 **4. Assessment and collection of penalties.** The penalties for withdrawal must be
32 paid upon withdrawal to the tax collector as additional property taxes. Penalties may be
33 assessed and collected as supplemental assessments in accordance with section 713-B.

34 **5. Eminent domain.** A penalty may not be assessed under this section for a
35 withdrawal occasioned by a transfer to an entity holding the power of eminent domain if
36 the transfer results from the exercise or threatened exercise of that power.

37 **6. Relief from requirements.** Upon withdrawal, the land is relieved of the
38 requirements of this subchapter immediately and is returned to taxation under the statutes
39 relating to the taxation of real property beginning the following April 1st.

1 **7. Reclassification as farmland or open space land.** A penalty may not be
2 assessed upon the withdrawal of land from taxation under this subchapter if the owner
3 applies for classification of that land as farmland or open space land under subchapter 10
4 and that application is accepted. If a penalty is later assessed under section 1112, the
5 period of time that the land was taxed as forest land under this subchapter is included for
6 purposes of establishing the amount of the penalty.

7 **8. Report of penalty.** A municipality that receives a penalty for the withdrawal of
8 land from taxation under this subchapter must report the total amount received in that
9 reporting year to the State Tax Assessor on the municipal valuation return form described
10 in section 383.

11 **Sec. 19. 36 MRSA §652, sub-§1, ¶A,** as amended by PL 2001, c. 596, Pt. B, §23
12 and affected by §25 and PL 2003, c. 689, Pt. B, §§6 and 7, is further amended to read:

13 A. The real estate and personal property owned and occupied or used solely for their
14 own purposes by benevolent and charitable institutions incorporated by this State.
15 Such an institution may not be deprived of the right of exemption by reason of the
16 source from which its funds are derived or by reason of limitation in the classes of
17 persons for whose benefit ~~such~~ the funds are applied.

18 For the purposes of this paragraph, "benevolent and charitable institutions" ~~include~~
19 includes, but are is not limited to, nonprofit nursing homes and licensed by the
20 Department of Health and Human Services pursuant to Title 22, chapter 405,
21 nonprofit boarding homes and boarding residential care facilities licensed by the
22 Department of Health and Human Services pursuant to Title 22, chapter 1664 or its
23 successor 1663, nonprofit community mental health service facilities licensed by the
24 Commissioner of Health and Human Services pursuant to Title 34-B, chapter 3 and
25 nonprofit child care centers incorporated by this State as benevolent and charitable
26 institutions. For the purposes of this paragraph, "nonprofit" means a facility refers to
27 an institution that has been determined by the United States Internal Revenue Service
28 to be exempt from taxation under Section 501(c)(3) of the Code;

29 **Sec. 20. 36 MRSA §656, sub-§1, ¶E,** as amended by PL 1989, c. 890, Pt. A, §9
30 and affected by §40, is further amended to read:

31 E. Pollution control facilities.

32 (1) Water pollution control facilities having a capacity to handle at least 4,000
33 gallons of waste per day, certified as such by the Commissioner of
34 Environmental Protection, and all parts and accessories thereof.

35 As used in this paragraph, unless the context otherwise indicates, the following
36 terms have the following meanings.

37 (a) "Facility" means any disposal system or any treatment works, appliance,
38 equipment, machinery, installation or structures installed, acquired or placed
39 in operation primarily for the purpose of reducing, controlling or eliminating
40 water pollution caused by industrial, commercial or domestic waste.

41 (b) "Disposal system" means any system used primarily for disposing of or
42 isolating industrial, commercial or domestic waste and includes thickeners,

- 1 incinerators, pipelines or conduits, pumping stations, force mains and all
2 other constructions, devices, appurtenances and facilities used for collecting
3 or conducting water borne industrial, commercial or domestic waste to a
4 point of disposal, treatment or isolation, except that which is necessary to the
5 manufacture of products.
- 6 (c) "Industrial waste" means any liquid, gaseous or solid waste substance
7 capable of polluting the waters of the State and resulting from any process, or
8 the development of any process, of industry or manufacture.
- 9 (d) "Treatment works" means any plant, pumping station, reservoir or other
10 works used primarily for the purpose of treating, stabilizing, isolating or
11 holding industrial, commercial or domestic waste.
- 12 (e) "Commercial waste" means any liquid, gaseous or solid waste substance
13 capable of polluting the waters of the State and resulting from any activity
14 which is primarily commercial in nature.
- 15 (f) "Domestic waste" means any liquid, gaseous or solid waste substance
16 capable of polluting the waters of the State and resulting from any activity
17 which is primarily domestic in nature.
- 18 (2) Air pollution control facilities, certified as such by the Commissioner of
19 Environmental Protection, and all parts and accessories thereof.
- 20 As used in this paragraph, unless the context otherwise indicates, the following
21 terms have the following meanings.
- 22 (a) "Facility" means any appliance, equipment, machinery, installation or
23 structures installed, acquired or placed in operation primarily for the purpose
24 of reducing, controlling, eliminating or disposing of industrial air
25 pollutants. Facilities such as air conditioners, dust collectors, fans and similar
26 facilities designed, constructed or installed solely for the benefit of the person
27 for whom installed or the personnel of that person ~~shall~~ may not be deemed
28 air pollution control facilities.
- 29 (3) The Commissioner of Environmental Protection shall issue a determination
30 regarding certification ~~by~~ on or before April 1st for any air or water pollution
31 control facility for which ~~it~~ the commissioner has received a complete application
32 ~~by~~ on or before December 15th of the preceding year.

33 **Sec. 21. 36 MRSA §684, sub-§1**, as enacted by PL 1997, c. 643, Pt. HHH, §3
34 and affected by §10, is amended to read:

35 **1. Generally.** The bureau shall furnish to the assessor of each municipality a
36 sufficient number of printed forms to be filed by applicants for an exemption under this
37 subchapter and shall determine the content of the forms. A municipality shall provide to
38 its inhabitants reasonable notice of the availability of application forms. An individual
39 claiming an exemption under this subchapter for the first time shall file the application
40 form with the assessor or the assessor's representative. ~~For an exemption from taxes~~
41 ~~based on the status of property on April 1, 1998, the application must be filed by May 15,~~

1 1998. For taxes based on the status of property after April 1, 1998, the application
2 must be filed by on or before April 1st of the year on which the taxes are based.

3 **Sec. 22. 36 MRSA §692, sub-§3, ¶A**, as enacted by PL 2005, c. 623, §1, is
4 amended to read:

5 A. Except as provided in paragraph B, the percentage of just value of exempt
6 business equipment to be included in the annual determination of state valuation
7 under sections 208 and 305 for tax year 2008 and subsequent tax years is as follows:

8 (1) The applicable percentage specified in section 694, subsection 2, paragraph
9 A for exempt business equipment for which the municipality ~~is entitled to receive~~
10 receives reimbursement under section 694, subsection 2, paragraph A;

11 (2) The applicable percentage calculated under section 694, subsection 2,
12 paragraph B for exempt business equipment for which the municipality receives
13 reimbursement under section 694, subsection 2, paragraph B; and

14 (3) Zero for exempt business equipment for which the municipality receives
15 reimbursement under section 694, subsection 2, paragraph C.

16 **Sec. 23. 36 MRSA §692, sub-§3, ¶B**, as enacted by PL 2005, c. 623, §1, is
17 amended to read:

18 B. In the case of a municipality that has one or more tax increment financing districts
19 authorized pursuant to Title 30-A, chapter 206, subchapter 1 and effective under Title
20 30-A, section 5226, subsection 3 prior to April 1, 2008 or authorized pursuant to Title
21 30-A, former chapter 207 and effective under Title 30-A, former section 5253,
22 subsection 1, paragraph F prior to April 1, 2008, for the 2008 tax year and subsequent
23 tax years, the percentage of just value of TIF exempt business equipment located in
24 such a tax increment financing district that must be included in the annual
25 determination of state valuation pursuant to paragraph A, subparagraph (1) or ~~(3)~~ (2)
26 is decreased, but not below zero, by a percentage amount equal to the municipal tax
27 increment percentage for the tax increment financing district in which the TIF exempt
28 business equipment is located.

29 **Sec. 24. 36 MRSA §694, sub-§2, ¶B**, as enacted by PL 2005, c. 623, §1, is
30 amended to read:

31 B. In the case of municipalities choosing reimbursement under this paragraph in
32 which the personal property factor exceeds 5%, the applicable percentage for exempt
33 business equipment is 50% plus an amount equal to 1/2 of the personal property
34 factor. For purposes of this paragraph, "personal property factor" means the
35 percentage derived from a fraction, the numerator of which is the value of business
36 personal property in the municipality, whether taxable or exempt, and the
37 denominator of which is the value of all taxable property in the municipality plus the
38 value of exempt ~~eligible~~ business equipment. For purposes of this paragraph, the
39 taxable value of exempt ~~eligible~~ business equipment is the value that would have
40 been assessed on that equipment if it were taxable.

1 **Sec. 25. 36 MRSA §694, sub-§2, ¶C**, as enacted by PL 2005, c. 623, §1, is
2 amended to read:

3 C. In the case of a municipality that has one or more tax increment financing
4 districts authorized pursuant to Title 30-A, chapter 206, subchapter 1 and effective
5 under Title 30-A, section 5226, subsection 3 prior to April 1, 2008 or authorized
6 pursuant to Title 30-A, former chapter 207 and effective under Title 30-A, former
7 section 5253, subsection 1, paragraph F, prior to April 1, 2008, the applicable
8 percentage with respect to TIF exempt business equipment is 50% plus a percentage
9 amount equal to the percentage amount, if any, by which the municipal tax increment
10 percentage for the tax increment financing district in which the TIF exempt business
11 equipment is located exceeds 50%. This paragraph applies only when it will result in
12 a greater percentage of reimbursement for the TIF exempt business equipment than
13 would be provided under paragraph A or B.

14 **Sec. 26. 36 MRSA §1103**, as amended by PL 1987, c. 728, §3, is further
15 amended to read:

16 **§1103. Owner's application**

17 An owner of farmland or open space land may apply for taxation under this
18 subchapter ~~for the calendar year 1989, and for subsequent calendar years, at his election~~
19 by filing with the assessor the schedule provided for in section 1109. The election to
20 apply ~~shall require~~ requires the ~~unanimous~~ written consent of all owners of an interest in
21 that farmland or open space land.

22 **Sec. 27. 36 MRSA §1109, sub-§4**, as amended by PL 1987, c. 728, §8, is further
23 amended to read:

24 **4. Investigation.** The assessor shall notify the landowner ~~of his determination as to~~
25 ~~the applicability of this subchapter by~~, on or before June 1st following receipt of a signed
26 schedule meeting the requirements of this section. ~~The assessor shall notify the~~
27 ~~landowner that~~, whether the application has been accepted or denied. If the application
28 is denied, the assessor shall state the reasons for the denial and provide the landowner an
29 opportunity to amend the schedule to conform to the requirements of this ~~chapter~~
30 subchapter.

31 The assessor or the assessor's duly authorized representative may enter and examine ~~the~~
32 lands subject to taxation under this subchapter ~~for tax purposes~~ and may examine any
33 information submitted by the owner or owners.

34 ~~Upon notice in writing by certified mail, return receipt requested, any~~ The assessor may
35 require the owner or owners shall be required, within 60 days of the receipt of such
36 notice, to respond within 60 days of the receipt of notice in writing by certified mail,
37 return receipt requested, to such written questions or interrogatories ~~as the assessor may~~
38 deem considers necessary to obtain material information about those lands. If the
39 assessor determines that ~~he cannot reasonably obtain~~ the required material information
40 regarding those lands cannot reasonably be obtained through ~~such~~ written questions or
41 interrogatories, the assessor may require ~~any the owner or owners~~, upon notice in writing
42 by certified mail, return receipt requested, or by ~~such other~~ another method as that

1 provides actual notice, to appear before the assessor at ~~such~~ a reasonable time and place
2 as ~~designated by the assessor may designate~~ and answer ~~such~~ questions or interrogatories
3 as the assessor ~~may deem~~ considers necessary to obtain material information about those
4 lands.

5 If the owner of a parcel of land subject to taxation under this subchapter fails to submit
6 the schedules required by this section, fails to respond to written questions or
7 interrogatories of the assessor as provided in this subsection or fails to appear before the
8 assessor to respond to questions or interrogatories as provided in this subsection, that
9 owner or owners are deemed to have waived all rights of appeal.

10 **Sec. 28. 36 MRSA §1109, sub-§5,** as amended by PL 1995, c. 603, §1, is
11 repealed and the following enacted in its place:

12 **5. Owner obligation.** It is the obligation of the owner to report to the assessor any
13 change of use or change of classification of land subject to taxation under this subchapter
14 by the end of the tax year in which the change occurs and to report to the assessor on or
15 before April 1st of every 5th year the gross income realized in each of the previous 5
16 years from acreage classified as farmland.

17 If the owner fails to report to the assessor as required by this subsection, the assessor shall
18 assess those taxes that should have been paid, shall assess the penalty provided in section
19 1112 and shall assess an additional penalty equal to 25% of the penalty provided in
20 section 1112. The assessor may waive the additional penalty for cause.

21 **Sec. 29. 36 MRSA §1610,** as enacted by PL 1985, c. 458, §2, is repealed.

22 **Sec. 30. 36 MRSA §1752, sub-§14-E,** as enacted by PL 2003, c. 588, §5, is
23 amended to read:

24 **14-E. School.** "School" means a public or incorporated nonprofit ~~primary~~
25 ~~elementary~~, secondary or postsecondary educational institution that has a regular faculty,
26 curriculum and organized body of pupils or students in attendance throughout the usual
27 school year and that keeps and furnishes to students and others records required and
28 accepted for entrance to schools of secondary, collegiate or graduate rank.

29 **Sec. 31. 36 MRSA §1752-A,** as enacted by PL 1999, c. 414, §18, is repealed.

30 **Sec. 32. 36 MRSA §1757,** as amended by PL 1985, c. 691, §9, is further amended
31 to read:

32 **§1757. Revocation of registration**

33 The State Tax Assessor may revoke the registration certificate of a registrant who
34 fails to file, within 15 days after receipt of notice, a bond or deposit required under
35 section 1759 and may revoke for cause a registration certificate issued under ~~chapters 211~~
36 ~~to 225~~ this Part. The ~~State Tax Assessor~~ assessor may revoke the registration certificate
37 of a registrant who fails to file with the ~~State Tax Assessor~~ assessor within 15 days after
38 the due date a return as required under ~~chapters 211 to 225~~ this Part. A revocation ~~shall~~
39 ~~be~~ is reviewable in accordance with section 151. ~~In any case where a registrant has failed~~

1 If a registrant fails to pay any tax required of him by this Part when the tax is shown to be
2 due on a ~~report~~ return filed by the registrant, or admitted to be due by the registrant, or
3 has been determined to be due and that determination has become final, notification of
4 the registrant by the ~~State Tax Assessor~~ assessor as provided in this section ~~shall operate~~
5 operates to suspend the registration certificate from the date of the notice of suspension
6 until ~~such time as~~ the delinquent tax is paid or a bond or deposit required under section
7 1759 is filed with the ~~State Tax Assessor~~ assessor or it is determined by an appropriate
8 court that revocation is not warranted.

9 **Sec. 33. 36 MRSA §1760, sub-§6, ¶B**, as amended by PL 1991, c. 846, §18 and
10 PL 2003, c. 689, Pt. B, §6, is further amended to read:

11 B. To patients of ~~hospitals licensed by the State for the care of human beings and~~
12 ~~other~~ institutions licensed by the State Department of Health and Human Services for
13 the hospitalization or nursing care of human beings, or to patients or residents of
14 ~~institutions, agencies, hospitals, boarding homes and boarding houses~~ licensed by the
15 Department of Health and Human Services under Title 22, Subtitle 6 ~~and or~~ Title 22,
16 section 1781;

17 **Sec. 34. 36 MRSA §1760, sub-§9**, as amended by PL 1977, c. 686, §1, is further
18 amended to read:

19 **9. Coal, oil and wood.** Coal, oil, wood and all other fuels, except gas and
20 electricity, when bought for cooking and heating in ~~homes, mobile homes, hotels and~~
21 ~~apartment houses, and other~~ buildings designed both and used for both human habitation
22 and sleeping.

23 **Sec. 35. 36 MRSA §1760, sub-§9-B**, as amended by PL 1999, c. 657, §21, is
24 further amended to read:

25 **9-B. Residential electricity.** Sale and delivery of the first 750 kilowatt hours of
26 residential electricity per month. For ~~the purpose~~ purposes of this subsection, "residential
27 electricity" means electricity furnished to ~~homes, mobile homes, boarding homes and~~
28 ~~apartment houses~~ buildings designed and used for both human habitation and sleeping,
29 with the exception of hotels ~~and motels~~. Where residential electricity is furnished
30 through one meter to more than one residential unit and where the transmission and
31 distribution utility applies its tariff on a per unit basis, the furnishing of electricity is
32 considered a separate sale for each unit to which the tariff applies. For purposes of this
33 subsection, "delivery" means transmission and distribution;

34 **Sec. 36. 36 MRSA §1760, sub-§9-C**, as enacted by PL 1977, c. 686, §2, is
35 amended to read:

36 **9-C. Residential gas.** Sales of gas when bought for cooking and heating in
37 ~~residences. For the purpose of this subsection, "residences" shall mean homes, mobile~~
38 ~~homes, boarding homes and apartment houses~~ buildings designed and used for both
39 human habitation and sleeping, with the exception of hotels ~~and motels~~.

1 **Sec. 37. 36 MRSA §1760, sub-§20**, as amended by PL 1991, c. 546, §20, is
2 further amended to read:

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

- 6 A. The person does not maintain a primary residence at some other location; or
7 B. The person is residing away from that person's primary residence in connection
8 with employment or education.

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

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

16 **Sec. 38. 36 MRSA §1760, sub-§23-C**, as amended by PL 2005, c. 618, §2, is
17 further amended to read:

18 **23-C. Certain vehicles purchased or leased by nonresidents.** Sales or leases of
19 the following vehicles to a ~~nonresident person that is not a resident of this State~~, if the
20 vehicle is intended to be driven or transported outside the State immediately upon
21 delivery:

- 22 A. Motor vehicles, except:
23 (1) Automobiles rented for a period of less than one year; and
24 (2) All-terrain vehicles and snowmobiles as defined in Title 12, section 13001;
25 B. Semitrailers;
26 C. Aircraft; and
27 E. Camper trailers, including truck campers.

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

31 ~~Notwithstanding section 1752-A, for purposes of this subsection, the term "nonresident"~~
32 ~~may include an individual, an association, a society, a club, a general partnership, a~~
33 ~~limited partnership, a domestic or foreign limited liability company, a trust, an estate, a~~
34 ~~domestic or foreign corporation and any other legal entity.~~

35 **Sec. 39. 36 MRSA §1760, sub-§25**, as amended by PL 2005, c. 218, §22, is
36 further amended to read:

37 **25. Watercraft sold to nonresidents.** Sales of watercraft to a ~~nonresident person~~
38 that is not a resident of this State, when the watercraft is intended to be sailed or

1 transported outside the State immediately upon delivery by the seller; sales to a
2 ~~nonresident person that is not a resident of this State~~, under contracts for the construction
3 of a watercraft intended to be sailed or transported outside the State immediately upon
4 delivery by the seller, of materials to be incorporated in the watercraft; and sales to a
5 ~~nonresident person that is not a resident of this State~~ for the repair, alteration, refitting,
6 reconstruction, overhaul or restoration of a watercraft intended to be sailed or transported
7 outside the State immediately upon delivery by the seller, of materials to be incorporated
8 in the watercraft. Unless the watercraft is present in the State, for a purpose other than
9 temporary storage, for more than 30 days during the 12-month period following its date
10 of purchase or is registered in Maine without also being registered in another state or
11 documented with a location in this State, within 12 months of the date of purchase, the
12 purchaser is exempt from the use tax. ~~Notwithstanding section 1752-A, for purposes of~~
13 ~~this subsection, the term "nonresident" may include an individual, an association, a~~
14 ~~society, a club, a general partnership, a limited partnership, a domestic or foreign limited~~
15 ~~liability company, a trust, an estate, a domestic or foreign corporation and any other legal~~
16 ~~entity.~~

17 **Sec. 40. 36 MRSA §1760, sub-§25-A**, as affected by PL 2003, c. 614, §9 and
18 amended by c. 695, Pt. B, §25 and affected by Pt. C, §1, is further amended to read:

19 **25-A. All-terrain vehicles.** ~~All-terrain~~ Sales of all-terrain vehicles, as defined in
20 Title 12, section 13001, purchased by ~~a person~~ an individual who is not a resident of this
21 State;.

22 **Sec. 41. 36 MRSA §1760, sub-§25-B**, as amended by PL 2003, c. 414, Pt. B,
23 §63 and affected by c. 614, §9, is further amended to read:

24 **25-B. Snowmobiles.** ~~A snowmobile~~ Sales of snowmobiles, as ~~that term~~ is defined in
25 Title 12, section 13001, subsection 25, purchased by ~~a person~~ an individual who is not a
26 resident of this State;.

27 **Sec. 42. 36 MRSA §1760, sub-§29**, as amended by PL 1989, c. 890, Pt. A, §10
28 and affected by §40, is further amended to read:

29 **29. Water pollution control facilities.** Sales of ~~any~~ water pollution control ~~facility~~
30 ~~facilities~~, certified as such by the Commissioner of Environmental Protection, and ~~any~~
31 ~~part~~ sales of parts or accessories ~~thereof~~ of a certified facility, ~~or any~~ materials for the
32 construction, repair or maintenance of a certified facility and chemicals or supplies that
33 are integral to the effectiveness of a certified facility.

34 As used in this subsection, unless the context otherwise indicates, the following terms
35 have the following meanings.

36 A. "Disposal system" means any system used primarily for disposing of or isolating
37 industrial or other waste and includes thickeners, incinerators, pipelines or conduits,
38 pumping stations, force mains and all other constructions, devices, appurtenances and
39 facilities used for collecting or conducting water borne industrial or other waste to a
40 point of disposal, treatment or isolation, except that which is necessary to the
41 manufacture of products.

1 B. "Facility" means any disposal system or any treatment works, appliance,
2 equipment, machinery, installation or structures installed, acquired or placed in
3 operation primarily for the purpose of reducing, controlling or eliminating water
4 pollution caused by industrial or other waste, except septic tanks and the pipelines
5 and leach fields connected or appurtenant thereto.

6 C. "Industrial waste" means any liquid, gaseous or solid waste substance capable of
7 polluting the waters of the State and resulting from any process, or the development
8 of any process, of industry or manufacture.

9 D. "Treatment works" means any plant, pumping station, reservoir or other works
10 used primarily for the purpose of treating, stabilizing, isolating or holding industrial
11 or other waste.

12 **Sec. 43. 36 MRSA §1760, sub-§30**, as amended by PL 1989, c. 890, Pt. A, §11
13 and affected by §40, is further amended to read:

14 **30. Air pollution control facilities.** ~~Sale~~ Sales of any air pollution control facility
15 facilities, certified as such by the Commissioner of Environmental Protection, and any
16 part sales of parts or accessories thereof of a certified facility, or any materials for the
17 construction, repair or maintenance thereof of a certified facility and chemicals or
18 supplies that are integral to the effectiveness of a certified facility.

19 As used in this subsection, unless the context otherwise indicates, the following terms
20 have the following meanings.

21 A. "Facility" means any appliance, equipment, machinery, installation or structures
22 installed, acquired or placed in operation primarily for the purpose of reducing,
23 controlling, eliminating or disposing of industrial or other air pollutants.

24 Facilities such as air conditioners, dust collectors, fans and similar facilities designed,
25 constructed or installed solely for the benefit of the person for whom installed or the
26 personnel of such person, and facilities designed or installed for the reduction or
27 control of automobile exhaust emissions shall not be deemed air pollution control
28 facilities for purposes of this subsection.

29 **Sec. 44. 36 MRSA §1760, sub-§39**, as enacted by PL 1977, c. 686, §3, is
30 amended to read:

31 **39. Residential water.** ~~Sales of water purchased for use in homes, mobile homes,~~
32 ~~boarding homes and apartment houses and other buildings designed and used~~ for both
33 human habitation and sleeping, with the exception of hotels and motels.

34 **Sec. 45. 36 MRSA §1760, sub-§45**, as amended by PL 2005, c. 519, Pt. EE, §1
35 and affected by §3, is further amended to read:

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

38 A. If the property is an automobile, as defined in Title 29-A, section 101, subsection
39 7, and if the owner is an individual who was, at the time of purchase, a resident of the
40 other state and either employed or registered to vote there;

- 1 A-1. If the property is a watercraft that is registered outside the State by an owner
2 who ~~at the time of purchase is an individual who~~ was a resident of another state at the
3 time of purchase and the watercraft is present in the State not more than 30 days
4 during the 12 months following its purchase for a purpose other than temporary
5 storage;
- 6 A-2. If the property is a snowmobile or all-terrain vehicle as defined in Title 12,
7 section 13001 and the purchaser is an individual who is not a resident of the State;
- 8 A-3. If the property is an aircraft not exempted under subsection 88 and the owner at
9 the time of purchase was a resident of another state or tax jurisdiction and the aircraft
10 is present in this State not more than 20 days during the 12 months following its
11 purchase, exclusive of days during which the aircraft is in this State for the purpose
12 of undergoing "major alterations," "major repairs" or "preventive maintenance" as
13 those terms are described in 14 Code of Federal Regulations, Appendix A to Part 43,
14 as in effect on January 1, 2005. For the purposes of this paragraph, the location of an
15 aircraft on the ground in the State at any time during a day is considered presence in
16 the State for that entire day; or
- 17 B. For more than 12 months in all other cases.

18 Property, other than automobiles, watercraft, snowmobiles, all-terrain vehicles and
19 aircraft, that is required to be registered for use in this State does not qualify for this
20 exemption unless it was registered by its present owner outside this State more than 12
21 months prior to its registration in this State. If property required to be registered for use
22 in this State was not required to be registered for use outside this State, the owner must be
23 able to document actual use of the property outside this State for more than 12 months
24 prior to its registration in this State. For purposes of this subsection, "use" does not
25 include storage but means actual use of the property for a purpose consistent with its
26 design.

27 ~~Notwithstanding section 1752-A, "resident" may include an individual, an association, a~~
28 ~~society, a club, a general partnership, a limited partnership, a limited liability company, a~~
29 ~~trust, an estate, a corporation and any other legal entity.~~

30 **Sec. 46. 36 MRSA §1760, sub-§74**, as enacted by PL 1989, c. 871, §15, is
31 repealed and the following enacted in its place:

32 **74. Property used in production. Sales of:**

33 A. Tangible personal property that becomes an ingredient or component part of
34 tangible personal property produced for later sale or lease, other than lease for use in
35 this State, or that becomes an ingredient or component part of tangible personal
36 property produced pursuant to a contract with the Federal Government or an agency
37 of the Federal Government; and

38 B. Tangible personal property, other than fuel or electricity, that is consumed or
39 destroyed or loses its identity directly and primarily in the production of tangible
40 personal property for later sale or lease, other than lease for use in this State, or that is
41 consumed or destroyed or loses its identity directly and primarily in the production of
42 tangible personal property produced pursuant to a contract with the Federal
43 Government or an agency of the Federal Government.

1 For purposes of this subsection, tangible personal property is "consumed or destroyed" or
2 "loses its identity" in production if it has a normal physical life expectancy of less than
3 one year as a usable item in the use to which it is applied.

4 **Sec. 47. 36 MRSA §1760, sub-§90** is enacted to read:

5 **90. Certain sales of electrical energy.** Sale or use of electrical energy, or water
6 stored for the purpose of generating electricity, when the sale is to or by a wholly owned
7 subsidiary by or to its parent corporation, except for electrical energy or water purchased
8 for resale to or by the wholly owned subsidiary.

9 **Sec. 48. 36 MRSA §1811, 2nd ¶**, as amended by PL 2003, c. 673, Pt. V, §23 and
10 affected by §29, is further amended to read:

11 The tax imposed upon the sale and distribution of gas, water or electricity by any
12 public utility, the rates for which sale and distribution are established by the Public
13 Utilities Commission, must be added to the rates so established. ~~No tax may be imposed~~
14 ~~upon the sale or use of electrical energy, or water stored for the purpose of generating~~
15 ~~electricity, when the sale is to or by a wholly owned subsidiary by or to its parent~~
16 ~~corporation, except for electrical energy or water purchased for resale to or by such~~
17 ~~wholly owned subsidiary.~~

18 **Sec. 49. 36 MRSA §1811-A**, as amended by PL 1981, c. 706, §22, is further
19 amended to read:

20 **§1811-A. Credit for worthless accounts**

21 The tax paid on sales represented by accounts charged off as worthless may be
22 credited against the tax due on a subsequent ~~report~~ return filed within 3 years of the
23 charge-off, but, if any such accounts are thereafter collected by the retailer, a tax ~~shall~~
24 must be paid upon the amounts so collected.

25 **Sec. 50. 36 MRSA §1951-A, sub-§1**, as enacted by PL 1991, c. 9, Pt. E, §24, is
26 amended to read:

27 **1. Monthly report and payment.** Every retailer shall file with the State Tax
28 Assessor, on or before the 15th day of each month, a ~~report~~ return made under the ~~pains~~
29 ~~and penalties of perjury on such a form as prescribed by the State Tax Assessor may~~
30 ~~prescribe that discloses~~ assessor. The return must report the total sale price of all sales
31 made during the preceding calendar month and such other information as the ~~State Tax~~
32 ~~Assessor~~ assessor requires. The ~~State Tax Assessor~~ assessor may permit the filing of
33 returns other than monthly. The ~~State Tax Assessor~~ assessor, by rule, may waive
34 reporting nontaxable sales. Upon application of a retailer, the ~~State Tax Assessor~~
35 assessor shall issue a classified permit establishing the percentage of exempt sales. The
36 classified permit may be amended or revoked ~~as to its classification whenever~~ if the State
37 ~~Tax Assessor~~ assessor determines that the percentage of exempt sales is inaccurate. The
38 ~~State Tax Assessor~~ assessor may for good cause extend for not more than 30 days the
39 time for ~~making~~ filing returns required under ~~chapters 211 to 225~~ this Part. Every person

1 subject to the use tax shall file similar ~~reports~~ returns, at similar dates, and pay the tax or
2 furnish a receipt for the same from a registered retailer.

3 **Sec. 51. 36 MRSA §2113**, as repealed and replaced by PL 2003, c. 452, Pt. U, §5
4 and affected by Pt. X, §2, is repealed.

5 **Sec. 52. 36 MRSA §2526**, as amended by PL 1997, c. 24, Pt. C, §5, is repealed.

6 **Sec. 53. 36 MRSA §2551, sub-§10**, as enacted by PL 2003, c. 673, Pt. V, §25
7 and affected by §29, is amended to read:

8 **10. Private nonmedical institution.** "Private nonmedical institution" means a
9 person licensed by the Department of Health and Human Services ~~or the Department of~~
10 ~~Behavioral and Developmental Services~~ to provide private nonmedical institution
11 services to 4 or more MaineCare-eligible and other residents in single or multiple
12 facilities under a written agreement with the Department of Health and Human Services
13 ~~or the Department of Behavioral and Developmental Services~~. "Private nonmedical
14 institution" does not include a health insurance organization, hospital, nursing home or
15 community health care center.

16 **Sec. 54. 36 MRSA §2551, sub-§15**, as enacted by PL 2003, c. 673, Pt. V, §25
17 and affected by §29, is amended to read:

18 **15. Sale price.** "Sale price" means the total amount of consideration, including cash,
19 credit, property and services, for which personal property or services are sold, leased or
20 rented, valued in money, whether received in money or otherwise, without any deduction
21 for the cost of materials used, labor or service cost, interest, losses and any other expense
22 of the seller. "Sale price" includes any services that are a part of a sale. "Sale price" does
23 not include:

24 A. Discounts allowed and taken on sales;

25 B. Allowances in cash or by credit made upon the return of services pursuant to
26 warranty;

27 C. The price of services rejected by customers when the full sale price is refunded
28 either in cash or by credit; ~~or~~

29 D. The amount of any tax imposed by the United States or the State on or with
30 respect to the sale of a service, whether imposed upon the seller or the consumer; ~~or~~

31 E. The cost of transportation from the service provider's place of business or other
32 point from which shipment is made directly to the purchaser, as long as those charges
33 are separately stated and the transportation occurs by means of common carrier,
34 contract carrier or the United States Postal Service.

35 **Sec. 55. 36 MRSA §2551, sub-§16**, as enacted by PL 2003, c. 673, Pt. V, §25
36 and affected by §29, is amended to read:

37 **16. School.** "School" means a public or incorporated nonprofit ~~primary~~ elementary,
38 secondary or postsecondary educational institution that has a regular faculty, curriculum

1 and organized body of pupils or students in attendance throughout the usual school year
2 and that keeps and furnishes to students and others records required and accepted for
3 entrance to schools of secondary, collegiate or graduate rank.

4 **Sec. 56. 36 MRSA §2553, sub-§2**, as enacted by PL 2003, c. 673, Pt. V, §25 and
5 affected by §29, is amended to read:

6 **2. Revocation of registration.** The assessor may revoke for cause a registration
7 certificate issued under this section. The assessor may revoke the registration certificate
8 of a registrant who fails to file a return with the assessor within 15 days after the due date
9 as required by section 2554. A revocation is reviewable in accordance with section 151.
10 ~~In any case where~~ If a registrant has failed to pay any tax imposed by this chapter when
11 the tax is shown to be due on a ~~report~~ return filed by the registrant or is admitted to be
12 due by the registrant or has been determined to be due and that determination has become
13 final, notification of the registrant by the assessor as provided in this section operates to
14 suspend the registration certificate from the date of the notice of suspension until such
15 time as the delinquent tax is paid or it is determined by an appropriate court that
16 revocation is not warranted.

17 **Sec. 57. 36 MRSA §2554, sub-§1**, as enacted by PL 2003, c. 673, Pt. V, §25 and
18 affected by §29, is amended to read:

19 **1. Monthly report required.** Every person subject to the tax imposed by this
20 chapter shall file with the assessor, on or before the 15th day of each month, a ~~report~~
21 return made under the ~~pains and~~ penalties of perjury on such a form as prescribed by the
22 ~~assessor may prescribe that discloses.~~ The return must report the total sale price of all
23 sales made during the preceding calendar month and such other information as the
24 assessor requires. The assessor may permit the filing of returns other than monthly. The
25 assessor may by rule waive the reporting of nontaxable sales. The assessor may for good
26 cause extend for not more than 30 days the time for ~~making~~ filing returns required under
27 this section. Rules adopted pursuant to this subsection are routine technical rules as
28 defined in Title 5, chapter 375, subchapter 2-A.

29 **Sec. 58. 36 MRSA §2554, sub-§3**, as enacted by PL 2003, c. 673, Pt. V, §25 and
30 affected by §29, is amended to read:

31 **3. Credit for uncollectible accounts.** The tax paid on sales for which all or a
32 portion of the sale price is charged off by the service provider as uncollectible may be
33 credited against the tax due on a subsequent ~~report~~ return filed by the service provider
34 within 3 years of the charge-off but, if any such accounts are thereafter collected by the
35 service provider, a tax must be paid upon the amount so collected.

36 **Sec. 59. 36 MRSA §2557, sub-§4**, as enacted by PL 2003, c. 673, Pt. V, §25 and
37 affected by §29, is amended to read:

38 **4. Other institutions.** Sales to incorporated private nonprofit residential child care
39 ~~institutions~~ facilities that are licensed by the Department of Health and Human Services
40 as residential child care ~~institutions~~ facilities;

1 **Sec. 60. 36 MRSA §2557, sub-§6, ¶B**, as enacted by PL 2003, c. 673, Pt. V, §25
2 and affected by §29, is amended to read:

3 B. Receiving support from the Department of ~~Behavioral and Developmental Health~~
4 and Human Services pursuant to Title 5, section 20005 or Title 34-B, section 3604,
5 5433 or 6204;

6 **Sec. 61. 36 MRSA §2557, sub-§30**, as amended by PL 2005, c. 218, §35, is
7 further amended to read:

8 **30. Sales for resale.** Sales of services to another service provider for resale; ~~and~~

9 **Sec. 62. 36 MRSA §2557, sub-§31**, as amended by PL 2005, c. 622, §12, is
10 further amended to read:

11 **31. Construction contracts with exempt organizations.** Sales to a construction
12 contractor or its subcontractor of fabrication services that are to be physically
13 incorporated in, and become a permanent part of, real property for sale to any
14 organization or government agency provided exemption under this section, except as
15 otherwise provided by section 2560-; and

16 **Sec. 63. 36 MRSA §2557, sub-§32** is enacted to read:

17 **32. Certain fabrication services.** Sales of services for the fabrication of advertising
18 or promotional materials printed on paper when those materials are to be subsequently
19 transported outside the State for use by the purchaser of the services solely outside the
20 State.

21 **Sec. 64. 36 MRSA §2891, sub-§3**, as enacted by PL 2003, c. 513, Pt. H, §1, is
22 amended to read:

23 **3. Publicly owned specialty hospital.** "Publicly owned specialty hospital" means a
24 publicly owned hospital that is primarily engaged in providing psychiatric services for the
25 diagnosis, treatment and care of persons with mental illness and that is licensed as a
26 specialty hospital by the Department of Health and Human Services.

27 **Sec. 65. 36 MRSA §2893, sub-§3**, as enacted by PL 2003, c. 513, Pt. H, §1, is
28 amended to read:

29 **3. Application of revenues.** All revenues received by the assessor under this
30 chapter must be credited to a General Fund suspense account. No later than the last day
31 of each month, the State Controller shall transfer all revenues received by the assessor
32 during the month under this chapter to the Medical Care - Payments to Providers Other
33 Special Revenue Funds account in the Department of Health and Human Services.

34 **Sec. 66. 36 MRSA §2902, sub-§1-C** is enacted to read:

35 **1-C. Gross gallons.** "Gross gallons" means actual measured gallons of internal
36 combustion engine fuel received, sold or used, without adjustment for temperature or
37 barometric pressure.

1 **Sec. 67. 36 MRSA §2902, sub-§4-A** is enacted to read:

2 **4-A. Retail dealer.** "Retail dealer" means a person that operates in this State a place
3 of business from which internal combustion engine fuel is sold at retail and delivered
4 directly into the fuel tanks of motor vehicles or watercraft. A distributor or wholesaler is
5 a retail dealer only with respect to internal combustion engine fuel delivered into a retail
6 storage tank operated by that distributor or wholesaler or into a retail storage tank of a
7 consignee or commission agent.

8 **Sec. 68. 36 MRSA §2903, sub-§5** is enacted to read:

9 **5. Delivery by distributor.** When internal combustion engine fuel is delivered by a
10 distributor to a retail outlet it is deemed to have been sold within the meaning of this
11 chapter, even if the retail outlet is owned in whole or in part by the distributor.

12 **Sec. 69. 36 MRSA §2906, sub-§1**, as repealed and replaced by PL 1997, c. 738,
13 §5, is amended to read:

14 **1. Monthly reports from distributors, importers and exporters.** Every licensed
15 distributor, importer and exporter shall file with the assessor on or before the 21st day of
16 each month a ~~report~~ return stating the number of gross gallons of internal combustion
17 engine fuel received, sold and used in the State by that distributor, importer or exporter
18 during the preceding calendar month. The ~~report~~ return must be filed on a form
19 prescribed and furnished by the assessor and must ~~contain~~ include any other information
20 reasonably required by the assessor.

21 **Sec. 70. 36 MRSA §2906, sub-§2**, as repealed and replaced by PL 1997, c. 738,
22 §5, is amended to read:

23 **2. Payment of tax.** At the time of filing the ~~report~~ return required by this section,
24 each distributor and importer shall pay to the assessor the tax imposed by section 2903 on
25 each gallon reported as sold, distributed or used.

26 **Sec. 71. 36 MRSA §2906, sub-§4**, as repealed and replaced by PL 1997, c. 738,
27 §5, is amended to read:

28 **4. Refunds to retailers.** A retail dealer is entitled to a refund for tax paid on account
29 of shrinkage or loss by evaporation of ~~motor~~ internal combustion engine fuel in an
30 amount no greater than 1/2 of 1% of the tax paid on gross purchases of such fuel
31 delivered into retail storage tanks from which it is dispensed into the fuel tank of a motor
32 vehicle or watercraft. The procedure for such a refund is as follows.

33 A. All applications for refunds must be made under penalties of perjury and must be
34 made semiannually within 90 days after June 30th and December 31st respectively.

35 B. The application must be made on a form prescribed and furnished by the assessor
36 and must be accompanied by a statement from the distributor, supplier or wholesaler
37 of the gross purchases of ~~motor~~ internal combustion engine fuel made by the retail
38 dealer during the relevant 6-month period.

1 C. The assessor shall calculate the amount of the refund due on all properly
2 completed applications and shall certify that amount and the name of the person
3 entitled to the refund to the Treasurer of State. The Treasurer of State shall make a
4 certified refund from taxes imposed by this chapter.

5 **Sec. 72. 36 MRSA §2906, sub-§5**, as enacted by PL 1997, c. 738, §5, is amended
6 to read:

7 **5. Monthly reports from wholesalers.** Each wholesaler shall ~~submit~~ file with the
8 assessor on or before the last day of each month on a form prescribed and furnished by
9 the assessor a ~~report~~ return stating the number of gross gallons sold by that wholesaler to
10 each distributor, importer, exporter or any other person that purchased internal
11 combustion engine fuel from that wholesaler during the preceding month. The ~~report~~
12 return must clearly identify each purchaser and indicate the number of gallons that each
13 purchaser received from the wholesaler. The ~~report~~ return must also ~~contain~~ include any
14 other information reasonably required by the assessor.

15 **Sec. 73. 36 MRSA §2908**, as repealed and replaced by PL 2005, c. 683, Pt. B,
16 §31, is amended to read:

17 **§2908. Refund of tax in certain cases; time limit**

18 A person who purchases and uses internal combustion engine fuel for any
19 commercial use other than in the operation of a registered motor vehicle on the highways
20 of this State or, except as provided in section 2910, in the operation of an aircraft and
21 who has paid the tax imposed by this chapter on that fuel is entitled to reimbursement in
22 the amount of the tax paid, less 1¢ per gallon, upon presenting to the State Tax Assessor a
23 sworn statement accompanied by ~~the original invoices or other~~ evidence as the assessor
24 may require. The statement must show the total amount of internal combustion engine
25 fuel so purchased and used by that person for a commercial use other than in the
26 operation of registered motor vehicles on the highways of this State or in the operation of
27 aircraft.

28 A refund application on a form prescribed by the State Tax Assessor must be filed to
29 claim a refund pursuant to this section. Interest must be paid at the rate determined
30 pursuant to section 186, calculated from the date of receipt of the ~~monthly~~ claim, for all
31 proper claims not paid within 30 days of receipt. Applications for refunds must be filed
32 with the assessor within 12 months from the date of purchase.

33 All fuel that qualifies for a refund under this section is subject to the use tax imposed
34 by chapter 215.

35 **Sec. 74. 36 MRSA §2909, 2nd ¶**, as amended by PL 2005, c. 332, §17, is further
36 amended to read:

37 Applications for refunds must be filed with the State Tax Assessor, on a form
38 prescribed by the assessor ~~and accompanied by the original invoices showing those~~
39 ~~purchases~~, within 12 months from the date of purchase. A refund may not be issued
40 under this section unless the claimant's commutation fare revenue derived during the

1 ~~calendar quarter~~ period for which the refund is claimed is at least 60% of the claimant's
2 total passenger fare revenue derived during that ~~calendar quarter~~ period.

3 **Sec. 75. 36 MRSA §2910**, as amended by PL 1983, c. 94, Pt. C, §15, is further
4 amended to read:

5 **§2910. Refund of tax less 4¢ per gallon to users of aircraft**

6 ~~Any A person, association of persons, firm or corporation who shall buy that buys~~
7 ~~and use any~~ uses internal combustion engine fuel ~~as defined in section 2902~~, for the
8 purpose of propelling piston engine aircraft and ~~who shall have that has paid any the~~ tax
9 ~~on internal combustion engine fuel levied or directed to be paid as provided imposed by~~
10 this chapter, ~~either directly by the collection of such tax by the vendor from such~~
11 ~~consumer, or indirectly by adding the amount of such tax to the price of such on that~~ fuel
12 ~~and paid by such consumer, shall be reimbursed and repaid is entitled to reimbursement~~
13 in the amount of such the tax paid by him, less 4¢ per gallon, upon presenting to the State
14 Tax Assessor a statement refund application accompanied by the original invoices
15 showing such those purchases. Applications for refunds must be filed with the State Tax
16 Assessor assessor within 12 months from the date of purchase. All fuel that qualifies for
17 a refund under this section is subject to the use tax imposed by chapter 215.

18 **Sec. 76. 36 MRSA §2913**, as repealed and replaced by PL 1985, c. 127, §1, is
19 amended to read:

20 **§2913. Failure to file statement; false statement**

21 ~~Any A person who refuses or neglects to make any statement, report, payment or~~
22 ~~return required by this chapter, or who knowingly makes, aids or assists any other person~~
23 ~~in making a false statement in a return or report to the State Tax Assessor, or in~~
24 ~~connection with an application for refund of any tax, or who knowingly collects, attempts~~
25 ~~to collect or causes to be paid to him or to any other person, either directly or indirectly,~~
26 ~~any refund of that tax without being to which the person is not entitled to the same, or is~~
27 ~~in violation of the affidavit as prescribed for registered sellers in section 3205, is guilty of~~
28 a Class E crime.

29 **Sec. 77. 36 MRSA c. 457**, as amended, is repealed.

30 **Sec. 78. 36 MRSA §3203, sub-§3**, as amended by PL 1999, c. 733, §5 and
31 affected by §17, is further amended to read:

32 **3. Delivery by supplier or retailer.** When distillates are delivered by a supplier ~~on~~
33 ~~a consignment basis to a consumer or to a retail outlet, whether or not the retail outlet is~~
34 ~~wholly owned by the supplier, it is considered those distillates are deemed to have been~~
35 ~~sold within the meaning of this chapter, even if the retail outlet is owned in whole or in~~
36 part by the supplier.

37 **Sec. 79. 36 MRSA §3203, sub-§6**, as amended by PL 1999, c. 733, §6 and
38 affected by §17, is further amended to read:

1 **6. Allowance for certain losses of propane.** An allowance of not more than 1%
2 from the amount of propane received by the retailer may be allowed by the assessor to
3 cover the loss through shrinkage, evaporation or handling sustained by the retailer. The
4 total allowance for these losses must be supported by documentation satisfactory to the
5 assessor. The allowance must be calculated on an annual basis. A further deduction may
6 not be allowed unless the assessor is satisfied upon definite proof submitted to the
7 assessor that a further deduction should be allowed for a loss sustained through fire,
8 accident or some unavoidable calamity.

9 **Sec. 80. 36 MRSA §3204-A, sub-§3,** as enacted by PL 1995, c. 271, §7, is
10 amended to read:

11 **3. Political subdivision.** Special fuel sold in bulk to this State or any political
12 subdivision of this State;

13 **Sec. 81. 36 MRSA §3208,** as amended by PL 1999, c. 733, §10 and affected by
14 §17, is further amended to read:

15 **§3208. Credit; users**

16 Every user subject to the tax imposed by section 3203 is entitled to a credit on the
17 tax, equivalent to the ~~existing then current~~ rate of taxation per gallon imposed by section
18 3203 as adjusted pursuant to section 3321, on all ~~fuels~~ special fuel purchased by that user
19 from a supplier or retailer licensed in accordance with section 3204 upon which ~~fuel~~ the
20 tax is imposed by section 3203 has been paid ~~by that user~~. Evidence of the payment of
21 that tax, in ~~such a~~ form ~~as may be~~ required by or is satisfactory to the State Tax Assessor,
22 must be furnished by each user claiming the credit ~~allowed~~. When the amount of the
23 credit to which any user is entitled for any quarter exceeds the amount of the tax for
24 which that user is liable for the same quarter, the excess may, ~~under rules of the State Tax~~
25 ~~Assessor,~~ be allowed as a credit on the tax for which that user would be otherwise liable
26 for another quarter or quarters, ~~or upon~~. Upon application within 3 months from the end
27 ~~of any quarter, duly verified and presented in accordance with rules adopted by the State~~
28 ~~Tax Assessor and supported by such evidence as may be satisfactory to the State Tax~~
29 ~~Assessor, such assessor, the~~ excess may be refunded if it ~~appears that~~ the applicant has
30 paid to another state or province under a lawful requirement of ~~such that~~ jurisdiction a tax
31 similar in effect to the tax ~~levied in~~ imposed by section 3203, on the use or consumption
32 of ~~the same that~~ fuel outside the State, at the same rate per gallon that ~~such~~ tax was paid
33 in this State ~~on that number of gallons used in and a tax paid on in such other jurisdiction,~~
34 but in no case to exceed the ~~then current~~ rate per gallon of the ~~then current Maine state~~
35 ~~fuel~~ tax imposed by section 3203 as adjusted pursuant to section 3321. Upon receipt of
36 the application, the ~~State Tax Assessor~~ assessor, if satisfied after investigation that a
37 refund is justified, shall so certify to the State Controller ~~and it~~. The refund must be paid
38 out of the Highway Fund. This credit lapses at the end of the last quarter of the year
39 following that in which the credit arose.

40 ~~For those accounts in good standing, a monthly refund application, on a form~~
41 ~~prescribed by the State Tax Assessor, may be filed at the close of any month to claim~~
42 ~~credits described in this section. That application must be processed and approved for~~
43 ~~payment promptly. Interest is paid at the same rate as is computed under~~ established

1 pursuant to section 186, calculated from the date of receipt of the ~~monthly~~ claim for all
2 ~~proper valid refund~~ claims ~~that are~~ not paid within 30 days of receipt of the claim. ~~This~~
3 ~~paragraph may not be construed to relieve the applicant from filing quarterly~~
4 ~~substantiating information as prescribed by this section.~~

5 **Sec. 82. 36 MRSA §3208-A**, as amended by PL 2005, c. 664, Pt. M, §1, is further
6 amended to read:

7 **§3208-A. Refund to political subdivisions**

8 Any political subdivision of the State that buys and uses special fuel ~~as defined in~~
9 ~~section 3202, subsection 6~~, and that has paid a tax ~~levied~~ as provided by this chapter
10 ~~either directly by the collection of the tax by the vendor from the consumer, or indirectly~~
11 ~~by adding the amount of the tax to the price of the fuel and paid by the consumer, must be~~
12 ~~reimbursed on that fuel is eligible for reimbursement in the amount of the tax paid upon~~
13 ~~presenting to the State Tax Assessor a statement accompanied by the original invoices~~
14 ~~showing purchases.~~ By contractual agreement, any agency of this State or political
15 subdivision of this State may assign to another person its right to receive funds under this
16 section. A refund application on a form prescribed by the State Tax Assessor must be
17 filed to claim a refund pursuant to this section. Applications for refunds must be filed
18 with the State Tax Assessor within 12 months from the date of purchase.

19 ~~Notwithstanding this section, a county or a municipality may file a claim for refund~~
20 ~~of special fuel tax paid after January 1, 1984, but before April 1, 1986, for which no~~
21 ~~refund was previously claimed.~~

22 **Sec. 83. 36 MRSA §3209**, as amended by PL 2001, c. 396, §30, is further
23 amended to read:

24 **§3209. Reports; International Fuel Tax Agreement; payment of tax; allowance for**
25 **losses**

26 **1. Suppliers.** Every licensed supplier shall file on or before the last day of each
27 month a report return with the State Tax Assessor stating the gross gallons of distillates
28 received, sold and used in this State by that supplier during the preceding calendar month,
29 on a form prescribed and furnished by the assessor. The report return must ~~contain~~
30 include any further information reasonably required by the assessor. At the time of filing
31 the report return required by this subsection, each supplier must pay to the assessor a tax
32 as prescribed in section 3203 upon each gallon reported as a taxable sale or as taxable
33 gallons used.

34 **1-A. Retailers.** Every licensed retailer shall file on or before the last day of each
35 month a report return with the assessor stating the gross gallons of low-energy fuel
36 received, sold and used in this State by that retailer during the preceding calendar month
37 on a form prescribed and furnished by the assessor. The report return must ~~contain~~
38 include any further information reasonably required by the assessor. At the time of filing
39 the report return required by this subsection, each retailer shall pay to the assessor a tax as
40 prescribed in section 3203 upon each gallon reported as a taxable sale or as taxable
41 gallons used.

1 **1-B. International Fuel Tax Agreement.** The State Tax Assessor shall take all
2 steps necessary to maintain the State's membership in the IFTA, in order to:

3 A. Facilitate the administration of this chapter;

4 B. Promote the fullest and most efficient possible use of the highway system; and

5 C. Make uniform the administration, collection and enforcement of special fuel use
6 taxation laws with respect to motor vehicles operated in multiple jurisdictions, by
7 ensuring this State's full participation in the single-base jurisdiction system embodied
8 in the IFTA governing documents, agreed to by other IFTA member jurisdictions and
9 approved by the United States Congress in the Intermodal Surface Transportation
10 Efficiency Act of 1991.

11 The assessor is authorized to ratify amendments to the IFTA governing documents on
12 behalf of this State, except that the assessor may not ratify any provision that infringes on
13 the substantive taxation authority of the Legislature, including the power to impose taxes,
14 set tax rates and determine exemptions. Subject to the provisions of this Title, the
15 assessor may delegate to the Secretary of State the responsibility for the processing of
16 special fuel tax returns, special fuel tax collection and compliance with IFTA
17 administrative requirements. The assessor shall consult with the Secretary of State and
18 the Commissioner of Public Safety with respect to rules adopted by the Secretary of State
19 pertaining to IFTA.

20 **2. Users generally.** Except as provided by subsection 4, ~~for the purpose of~~
21 ~~determining the amount of tax imposed,~~ each user, not later than the last day of April,
22 July, October and January of each year, shall file with the assessor a ~~report~~ return that
23 must include the total gallonage of fuels used within this State during the quarter ending
24 the last day of the preceding month. The ~~report~~ return must ~~contain~~ include any further
25 information reasonably required by the assessor. At the time of filing the ~~report~~ return
26 required by this subsection, each user shall pay to the assessor the tax imposed by section
27 3203 upon each gallon reported as a taxable use or as taxable gallons used, which has not
28 been subjected to the special fuel tax.

29 **3. Exempt users.** Any user of special fuel operating exclusively within this State
30 and using only special fuel purchased within this State upon which the State has received
31 the special fuel tax, may be exempted, at the discretion of the assessor, from filing ~~reports~~
32 returns under this chapter. Any user of special fuel requesting exemption from filing
33 ~~reports~~ returns shall file submit an affidavit as prescribed by the assessor.

34 **4. Annual returns in certain circumstances.** Notwithstanding any other provisions
35 of this section, a user may file an annual return with payment on or before January 31st of
36 each year covering the prior year when the annual tax liability is expected to be \$100 or
37 less or when allowed by the IFTA governing documents.

38 **5. Monthly reports from wholesalers.** Each wholesaler shall ~~submit~~ file on or
39 before the last day of each month on a form prescribed and furnished by the assessor a
40 ~~report~~ return stating the number of gross gallons sold by that wholesaler ~~to each supplier,~~
41 ~~importer, exporter or any other person that purchased special fuel from that wholesaler~~
42 during the preceding month. The ~~report~~ return must clearly identify each purchaser and

1 indicate the number of gallons that each purchaser received from the wholesaler. The
2 ~~report return~~ must also ~~contain~~ include any other information reasonably required by the
3 assessor.

4 **Sec. 84. 36 MRSA §3210**, as amended by PL 1999, c. 733, §13 and affected by
5 §17, is further amended to read:

6 **§3210. Application of tax in special cases**

7 A person ~~who that~~ receives any special fuel ~~in such form and~~ under such
8 circumstances as ~~precludes that preclude~~ the collection of this tax by the supplier or
9 retailer ~~by reason of the laws of the United States and who that~~ sells or uses any ~~that~~
10 special fuel in a manner and under circumstances as may subject the sale or use to the
11 ~~taxing power of this State is considered a supplier or retailer and shall make the same~~
12 ~~reports and shall pay~~ file a quarterly return on a form prescribed by the State Tax
13 Assessor and is subject to the same taxes and is subject to all other provisions of this
14 chapter relating to suppliers and retailers. A person may not be considered a supplier or
15 retailer with respect to special fuel brought into the State in the ordinary ~~standardized~~
16 standard equipment fuel tank attached to and forming a part of a motor vehicle and used
17 in the operation of a that vehicle within the State.

18 **Sec. 85. 36 MRSA §3211**, as amended by PL 1999, c. 733, §14 and affected by
19 §17, is further amended to read:

20 **§3211. Cancellation of licenses, registrations**

21 If any person licensed or registered under this chapter files a false report of the ~~data~~
22 ~~or~~ information required by this chapter, or fails, refuses or neglects to file ~~the report a~~
23 return required by this chapter or to pay the full amount of the tax as required by this
24 chapter or is in violation of the registration certificate as prescribed in section 3205, the
25 State Tax Assessor may cancel the license or registration and notify that person in writing
26 of the cancellation by registered mail to the last known address of that person ~~appearing~~
27 ~~on the file of the State Tax Assessor.~~

28 Upon receipt of a written request from any person licensed or registered under this
29 chapter to cancel the license ~~of or~~ registration issued to that person, the ~~State Tax~~
30 ~~Assessor~~ assessor may cancel that license or registration effective 30 days from the date
31 of the written request, ~~but no such license or registration may be canceled upon the~~
32 ~~request of any person until and unless the person, prior to the date of that cancellation,~~
33 ~~has paid to this State all excise taxes payable under the laws of this State, together with~~
34 ~~any and all penalties, interest and fines accruing under any of the provisions of this~~
35 ~~chapter, and until and unless the person has surrendered to the State Tax Assessor in~~
36 which event the license or registration certificate issued to that person must be
37 surrendered to the assessor. If, upon investigation, the ~~State Tax Assessor~~ assessor finds
38 that any person to whom a license or registration has been issued under this chapter is no
39 longer engaged in the sale or use of special fuel and has not been so engaged for a period
40 of 6 months, the ~~State Tax Assessor~~ assessor may cancel that license or registration by
41 giving that person 30 days' notice of the cancellation mailed to the last known address of

1 that person, in which event the license or registration certificate issued to that person
2 must be surrendered to the ~~State Tax Assessor~~ assessor.

3 **Sec. 86. 36 MRSA §3212, first ¶**, as amended by PL 1999, c. 733, §15 and
4 affected by §17, is further amended to read:

5 ~~Whenever~~ When a supplier, retailer or user ceases to engage in business as a supplier,
6 retailer or user of special fuel within this State, that supplier, retailer or user shall notify
7 the State Tax Assessor in writing within 15 days after discontinuance. All taxes,
8 penalties and interest under this chapter, ~~not yet due and payable under this chapter,~~
9 ~~together with any and all interest accruing or penalties imposed under this chapter,~~
10 ~~notwithstanding any provisions thereof,~~ become due and payable concurrently with that
11 discontinuance. The supplier, retailer or user shall ~~make file~~ file a report return and pay all
12 ~~such~~ the taxes, interest and penalties and surrender to the ~~State Tax Assessor~~ assessor the
13 license or registration certificate issued to that supplier, retailer or user by the ~~State Tax~~
14 ~~Assessor~~ assessor.

15 **Sec. 87. 36 MRSA §3214**, as amended by PL 1999, c. 733, §16 and affected by
16 §17, is further amended to read:

17 **§3214. Credit for tax paid on worthless accounts**

18 The tax paid on sales made on credit and reported by a supplier or retailer pursuant to
19 section 3209 found to be worthless and actually charged off may be credited upon the tax
20 due on a subsequent ~~report return~~, but if any such accounts are thereafter collected by the
21 supplier or retailer, a tax must be paid upon the amounts so collected. The credit must be
22 reported on the return for the month in which the charge-off occurred.

23 **Sec. 88. 36 MRSA §3215, 2nd ¶**, as amended by PL 2005, c. 332, §18, is further
24 amended to read:

25 Applications for refunds must be filed with the State Tax Assessor, on a form
26 prescribed by the assessor ~~and accompanied by the original invoices showing those~~
27 ~~purchases~~, within 12 months from the date of purchase. A refund may not be issued
28 under this section unless the claimant's commutation fare revenue derived during the
29 ~~calendar quarter period~~ period for which the refund is claimed is at least 60% of the claimant's
30 total passenger fare revenue derived during that ~~calendar quarter period~~.

31 **Sec. 89. 36 MRSA §3218, first ¶**, as amended by PL 2005, c. 332, §19, is further
32 amended to read:

33 A person who purchases and uses special fuel for any use other than operation of a
34 registered motor vehicle on the highways of this State, and who has paid the tax imposed
35 by this chapter on that fuel, is entitled to reimbursement in the amount of the tax paid,
36 less 1¢ per gallon, upon presenting to the State Tax Assessor a sworn statement
37 accompanied by ~~the original invoices or other~~ evidence as the assessor may require. The
38 statement must show the total amount of special fuel so purchased and used by that
39 person other than in the operation of registered motor vehicles on the highways of this
40 State ~~or in the operation of aircraft~~.

1 **Sec. 90. 36 MRSA §3218, 2nd ¶**, as amended by PL 2005, c. 332, §19, is further
2 amended to read:

3 A refund application on a form prescribed by the assessor must be filed to claim a
4 refund pursuant to this section. Interest must be paid at the rate determined pursuant to
5 section 186, calculated from the date of receipt of the ~~monthly~~ claim, for all ~~proper~~ valid
6 claims not paid within 30 days of receipt. Applications for refunds must be filed with the
7 assessor within 12 months from the date of purchase.

8 **Sec. 91. 36 MRSA §4361, sub-§1**, as amended by PL 1997, c. 458, §1, is
9 repealed.

10 **Sec. 92. 36 MRSA §4362-A, sub-§2**, as amended by PL 2001, c. 526, §3, is
11 further amended to read:

12 **2. Applications; forms.** An application for a distributor's license must be made on a
13 form prescribed and issued by the assessor. Licenses are issued in the form prescribed by
14 the assessor and must contain the name and address of the ~~license holder~~ licensed
15 distributor, the address of the place of business and such other information as the assessor
16 may require for the proper administration of this chapter.

17 **Sec. 93. 36 MRSA §4362-A, sub-§5**, as enacted by PL 1997, c. 458, §3, is
18 amended to read:

19 **5. Revocation or suspension.** The assessor may revoke or suspend the license of a
20 ~~license holder~~ distributor for failure to comply with any provision of this chapter or if the
21 ~~license holder~~ distributor no longer imports or sells cigarettes. Any person aggrieved by
22 a revocation or suspension may ~~apply to the assessor for a hearing~~ request reconsideration
23 as provided in section 151.

24 **Sec. 94. 36 MRSA §4366-A, sub-§1, ¶A**, as enacted by PL 2003, c. 452, Pt. U,
25 §10 and affected by Pt. X, §2, is amended to read:

26 A. Sell, offer for sale or display for sale any cigarettes within this State that do not
27 bear stamps evidencing the payment of the tax imposed by this chapter; ~~or~~.

28 **Sec. 95. 36 MRSA §4366-A, sub-§1, ¶B**, as enacted by PL 2003, c. 452, Pt. U,
29 §10 and affected by Pt. X, §2, is repealed.

30 **Sec. 96. 36 MRSA §4366-A, sub-§2**, as amended by PL 2005, c. 622, §25 and
31 affected by §34, is further amended to read:

32 **2. Provided to sellers.** The State Tax Assessor shall provide stamps suitable to be
33 affixed to packages of cigarettes as evidence of the payment of the tax imposed by this
34 chapter. The assessor may permit a licensed distributor to pay for the stamps within 30
35 days after the date of purchase, if a bond satisfactory to the assessor in an amount not less
36 than 50% of the sale price of the stamps has been filed with the assessor conditioned upon
37 payment for the stamps. Such a distributor may continue to purchase stamps on a 30-day
38 deferral basis only if it remains current with its cigarette tax obligations. The assessor
39 may not sell additional stamps to a distributor that has failed to pay in full within 30 days.

1 for stamps previously purchased until such time as the overdue payment is received. The
2 assessor shall sell cigarette stamps to licensed distributors at the following discounts from
3 their face value:

4 ~~A. For stamps at the face value of 37 mills sold through September 30, 2001, 2.5%;~~

5 ~~B. For stamps at the face value of 50 mills sold prior to July 1, 2002, 2.16%;~~

6 ~~C. For stamps at the face value of 50 mills sold on or after July 1, 2002, 2.03%; and~~

7 D. For stamps at the face value of 100 mills, the discount rate is 1.15%.

8 **Sec. 97. 36 MRSA §4366-A, sub-§4**, as repealed and replaced by PL 2003, c.
9 452, Pt. U, §11 and affected by Pt. X, §2, is amended to read:

10 **4. Resale and reuse of stamps prohibited.** A distributor may not:

11 A. Sell, transfer, reaffix or ~~use more than once~~ reuse cigarette stamps issued by the
12 assessor pursuant to this chapter; ~~or,~~

13 ~~B. Violate paragraph A when the distributor has 2 prior convictions for violation of~~
14 ~~this chapter.~~

15 **Sec. 98. 36 MRSA §4366-A, sub-§4-A**, as enacted by PL 2003, c. 452, Pt. U,
16 §12 and affected by Pt. X, §2, is amended to read:

17 **4-A. Redemption of stamps.** The assessor shall redeem any unused, uncanceled
18 stamps presented within one year of the date of purchase by a licensed distributor at a
19 price equal to the amount paid for them. Credit for uncanceled stamps is allowed only
20 on full, unopened rolls unless the distributor ceases business as a distributor and returns
21 the license issued under section 4362-A. The assessor may also redeem, at face value,
22 cigarette tax stamps affixed to packages of cigarettes that have become unsalable if
23 application is made within 90 days of the return of the unsalable cigarettes to the
24 manufacturer. ~~The Treasurer of State shall provide out of money collected pursuant to~~
25 ~~this chapter, the funds necessary for the redemption.~~

26 **Sec. 99. 36 MRSA §4366-B**, as amended by PL 2003, c. 452, Pt. U, §14 and
27 affected by Pt. X, §2, is further amended to read:

28 **§4366-B. Importation of unstamped cigarettes**

29 **1. Generally.** Except as provided in subsection 2, only a licensed distributor ~~or a~~
30 ~~dealer~~ may import unstamped cigarettes into this State.

31 **2. Exception for personal use.** An individual who is not a licensed distributor ~~or a~~
32 ~~dealer~~ may transport cigarettes into this State and may transport cigarettes from place to
33 place within this State for the individual's personal use in a quantity not greater than 2
34 cartons.

35 **3. Evidence.** The possession of more than 2 cartons of unstamped cigarettes by a
36 person who is not a licensed distributor ~~or a dealer~~ is prima facie evidence of a violation
37 of this section.

1 **4. Penalties.** The following penalties apply to violations of this section.

2 A. A person who violates this section commits a Class E crime.

3 B. A person who violates this section when the person has one or more prior
4 convictions for violation of this section commits a Class D crime. Title 17-A, section
5 9-A governs the use of prior convictions when determining a sentence.

6 Violation of this section is a strict liability crime as defined in Title 17-A, section 34,
7 subsection 4-A.

8 **Sec. 100. 36 MRSA §4366-C**, as amended by PL 2003, c. 452, Pt. U, §15 and
9 affected by Pt. X, §2, is further amended to read:

10 **§4366-C. Sales of cigarettes in contravention of law**

11 **1. Cigarettes; stamps not affixed.** A ~~dealer or~~ distributor may not offer for sale,
12 sell or affix a stamp to a package of cigarettes if the package:

13 A. Does not comply with the Federal Cigarette Labeling and Advertising Act, 15
14 United States Code, Section 1331, et seq., for the placement of labels, warnings or
15 any other information for a package of cigarettes to be sold within the United States;

16 B. Is labeled "For Export Only," "U.S. Tax Exempt," "For Use Outside U.S." or with
17 other wording indicating that the manufacturer did not intend that the product be sold
18 in the United States;

19 C. Has been altered by adding or deleting wording, labels or warnings described in
20 paragraphs A and B;

21 D. Has been imported into the United States in violation of 26 United States Code,
22 Section 5754; or

23 E. In any way violates federal trademark or copyright laws.

24 **2. Deceptive practice.** Selling a package of cigarettes described in subsection 1,
25 with or without a stamp, is an unfair or deceptive act or practice under the Maine Unfair
26 Trade Practices Act.

27 **3. Penalties.** The following penalties apply to violations of this section.

28 A. A ~~dealer or~~ distributor who violates this section commits a Class E crime.

29 B. A ~~dealer or~~ distributor who violates this section when the ~~dealer or~~ distributor has
30 one or more prior convictions for violation of this section commits a Class D crime.
31 Title 17-A, section 9-A governs the use of prior convictions when determining a
32 sentence.

33 Violation of this section is a strict liability crime as defined in Title 17-A, section 34,
34 subsection 4-A.

35 **Sec. 101. 36 MRSA §4372-A, sub-§2**, as amended by PL 1999, c. 616, §5, is
36 further amended to read:

37 **2. Exceptions.** The following cigarettes are not subject to seizure:

- 1 A. Unstamped cigarettes in the possession of a licensed distributor;
2 B. Unstamped cigarettes in the course of transit from ~~without~~ outside the State ~~and~~
3 that are consigned to a licensed distributor; and
4 C. Unstamped cigarettes in a quantity of 2 cartons or less in the possession of an
5 individual who is not a licensed distributor.

6 Notwithstanding paragraphs A, B and C, cigarettes described in section 4366-C,
7 subsection 1 are subject to seizure under the process described in subsection 3, unless the
8 ~~dealer or~~ distributor can prove the cigarettes are to be exported out of the country.

9 **Sec. 102. 36 MRSA §4373-A**, as amended by PL 2001, c. 396, §32, is further
10 amended to read:

11 **§4373-A. Records required; inspection and examination; assessment of tax**
12 **deficiency**

13 **1. Generally.** Distributors ~~and dealers~~ shall keep complete and accurate records of
14 all cigarettes that they manufacture, produce, purchase, transfer or sell. The records must
15 be of a kind and in the form prescribed by the State Tax Assessor and must be safely
16 preserved for 6 years in a manner that ensures permanency and accessibility by
17 authorized agents of the assessor. ~~Records maintained by dealers must include an~~
18 ~~inventory of stamped cigarettes, by pack size.~~ Records maintained by distributors must
19 include the following data on either a calendar or fiscal year basis:

- 20 A. An inventory of unaffixed Maine cigarette stamps by denomination;
21 B. An inventory of stamped cigarettes, by pack size;
22 C. An inventory of unstamped cigarettes, by pack size; and
23 D. Copies of all documents supporting redemption for tax on unused, uncanceled
24 stamps and for unsalable cigarettes.

25 If the rate of tax imposed by section 4365 is changed, a distributor shall take a new
26 inventory.

27 **2. Inspection and examination; penalty.** The assessor or any authorized agent may
28 enter into or upon any premises where there is reason to believe that cigarettes are
29 possessed, stored or sold, and may examine the books, papers, records and cigarette stock
30 of any distributor ~~or dealer~~ to determine compliance with the provisions of this chapter.
31 Failure or refusal to permit an examination pursuant to this subsection is a civil violation
32 for which a fine in the amount of \$250 must be imposed, no part of which may be
33 suspended.

34 **3. Assessment of tax deficiency; presumptions.** If the assessor determines that a
35 distributor has not purchased sufficient stamps to cover sales of cigarettes or ~~that a dealer~~
36 has made sales of unstamped cigarettes, the assessor shall assess the tax deficiency
37 pursuant to section 141. When a distributor ~~can not~~ cannot produce evidence of sufficient
38 stamp purchases to cover receipts and sales or other disposition of cigarettes, it is
39 presumed that the cigarettes were sold without having the proper stamps affixed to them.

1 **Sec. 103. 36 MRSA §4384**, as enacted by PL 2003, c. 705, §7, is amended to
2 read:

3 **§4384. Reporting and payment of tax**

4 A person who is not a licensed distributor ~~or dealer~~ who imports, receives or
5 otherwise acquires unstamped cigarettes for use or consumption in the State in a quantity
6 greater than 2 cartons in any one month from a person other than a licensed distributor ~~or~~
7 ~~dealer~~ shall file, on or before the last day of the month following each month in which
8 unstamped cigarettes were acquired, a return on a form prescribed by the State Tax
9 Assessor together with payment of the tax imposed by this chapter at the rate provided in
10 section 4365. The return must report the number of unstamped cigarettes imported,
11 received or otherwise acquired during the previous calendar month and additional
12 information the assessor may require.

13 **Sec. 104. 36 MRSA §4404, first ¶**, as amended by PL 2005, c. 627, §10, is
14 further amended to read:

15 Every distributor subject to the licensing requirement of section 4402 shall file, on or
16 before the last day of each month ~~submit~~, a return on a form prescribed and furnished by
17 the State Tax Assessor, ~~a report~~ together with payment of the tax due under this chapter
18 ~~stating~~. The return must state the quantity and the wholesale sales price of all tobacco
19 products held, purchased, manufactured, brought in or caused to be brought in from
20 outside the State or shipped or transported to retailers within the State during the
21 preceding calendar month. Every ~~such~~ distributor shall keep a complete and accurate
22 record at its principal place of business to substantiate all receipts and sales of tobacco
23 products.

24 **Sec. 105. 36 MRSA §4404, 2nd ¶**, as amended by PL 2001, c. 382, §3, is further
25 amended to read:

26 ~~Such monthly reports~~ The return must contain such include further information as the
27 ~~State Tax Assessor~~ assessor may prescribe and must show a credit for any tobacco
28 products exempted as provided in section 4403. Records must be maintained to
29 substantiate the exemption. ~~Tobacco Tax previously paid on tobacco products previously~~
30 ~~taxed~~ that are returned to a manufacturer because the product has become unfit for use,
31 sale or consumption may be taken as a credit on a subsequent return upon receipt of the
32 credit notice from the original supplier.

33 **Sec. 106. 36 MRSA §4404-A, sub-§3**, as enacted by PL 2005, c. 627, §11, is
34 amended to read:

35 **3. Exception for personal use.** A person who is not a licensed distributor may:

36 A. ~~Transport~~ Import or transport tobacco products other than cigars into this State
37 and transport those tobacco products from place to place within this State for personal
38 use in a quantity not greater than one pound; or

39 B. Import or transport cigars into this State and transport those cigars from place to
40 place within this State for personal use in a quantity of no more than 125 cigars.

1 Untaxed tobacco products imported or transported into this State in any quantity are
2 subject to the tax imposed by section 4403.

3 **Sec. 107. 36 MRSA §5223**, as enacted by P&SL 1969, c. 154, Pt. F, §1, is
4 repealed.

5 **Sec. 108. 36 MRSA §5228, sub-§1, ¶B**, as enacted by PL 1985, c. 691, §§35 and
6 48, is amended to read:

7 B. "Estimated tax" means the total amount ~~which of tax that~~ a person estimates ~~as the~~
8 ~~total amount of income tax which~~ will be due for a taxable year under this Part,
9 exclusive of a withholder's liability for taxes withheld ~~for a taxable year~~, less any
10 allowable credits for that taxable year.

11 **Sec. 109. 36 MRSA §5228, sub-§2**, as amended by PL 1997, c. 668, §35 and
12 affected by §43, is further amended to read:

13 **2. Requirement to pay estimated tax.** Every person subject to taxation under this
14 Part shall make payment of estimated tax as required by this Part ~~in such form as the~~
15 ~~State Tax Assessor may require~~. If the person's ~~income~~ tax liability pursuant to this Part,
16 exclusive of a withholder's liability for taxes withheld, reduced by allowable credits for
17 the taxable year, is less than \$1,000 for the taxable year, or, if the person had less than
18 \$1,000 tax liability under this Part for the preceding taxable year, the
19 requirement to make the estimated tax payments is waived.

20 **Sec. 110. 36 MRSA §5228, sub-§3, ¶A**, as enacted by PL 1985, c. 691, §§35
21 and 48, is amended to read:

22 A. An amount equal to the ~~preceding year's state income~~ person's tax liability under
23 this Part for the preceding taxable year, if that preceding year was a taxable year of
24 12 months; or

25 **Sec. 111. 36 MRSA §5228, sub-§3, ¶B**, as amended by PL 1991, c. 528, Pt.
26 DDD, §1 and affected by §2 and Pt. RRR and amended by c. 591, Pt. DDD, §1 and
27 affected by §2, is further amended to read:

28 B. An amount equal to 90% of the ~~income~~ person's tax liability under this Part for
29 the current taxable year determined without taking into account the current year's
30 investment tax credit set forth in section 5219-E, except that for farmers and persons
31 who fish commercially, this amount is 66 2/3% of the person's tax liability under this
32 Part for the current taxable year.

33 **Sec. 112. 36 MRSA §5255**, as amended by PL 2005, c. 618, §16, is further
34 amended to read:

35 **§5255. Failure to withhold**

36 A person who fails to deduct and withhold tax as required by this chapter is relieved
37 from liability for that tax to the extent that the tax against which that tax may be credited
38 has been paid, but the person is not relieved from liability for any additions to tax,

1 penalties or interest otherwise applicable with respect to the failure to ~~deduct~~ file returns
2 and withhold and pay tax as required by this chapter.

3 **Sec. 113. 36 MRSA §5276**, as amended by PL 2005, c. 332, §§25 and 26, is
4 further amended to read:

5 **§5276. Authority to make credits or refunds**

6 **1. General rule.** The State Tax Assessor, within the applicable period of limitations,
7 may credit an overpayment of income tax, including an overpayment reported on a joint
8 return, and interest on the overpayment against any liability arising from a
9 redetermination pursuant to section 6211 or any liability in respect of any tax imposed
10 under this Title owed by the taxpayer, or by the taxpayer's spouse in the case of a joint
11 return. The balance, after any setoff pursuant to section 5276-A, must be refunded by the
12 Treasurer of State.

13 **2. Excessive withholding.** If the amount allowable as a credit for tax withheld from
14 the taxpayer exceeds ~~his~~ the tax to which the credit relates, the excess ~~shall~~ must be
15 considered an overpayment.

16 **3. Overpayment by withholder.** If there has been an overpayment of tax required
17 to be deducted and withheld under ~~section 5250~~ chapter 827, refund ~~shall~~ must be made
18 to the ~~employer~~ withholder only to the extent that the amount of the overpayment was not
19 deducted and withheld by the ~~employer~~ withholder.

20 **4. Credits against estimated tax.** The assessor may ~~prescribe regulations providing~~
21 provide for the crediting against the estimated income tax for any taxable year of ~~the~~
22 ~~amount determined to be~~ an overpayment of the income tax for a preceding taxable year.

23 **5. Assessment and collection after limitation period.** If any amount of income tax
24 is assessed ~~or~~ and collected after the expiration of the applicable period of limitations
25 ~~properly applicable thereto, such, that~~ amount ~~shall~~ must be considered an overpayment.

26 ~~**6. Overpayment by pass-through entity.** If there has been an overpayment of tax~~
27 ~~required to be withheld under section 5250-B, refund must be made to the pass-through~~
28 ~~entity only to the extent that the amount of the overpayment was not deducted and~~
29 ~~withheld by the pass-through entity.~~

30 **Sec. 114. 36 MRSA §6201, sub-§2**, as amended by PL 2001, c. 396, §40, is
31 further amended to read:

32 **2. Claimant.** "Claimant" means an individual who has filed a claim under this
33 chapter and who was domiciled in this State and occupied a homestead in this State
34 during the entire ~~calendar year preceding the year in~~ for which a claim for relief under
35 this chapter is filed. "Claimant" also includes an individual who has filed a claim under
36 this chapter and who was domiciled in this State and owned or otherwise maintained a
37 homestead in this State during the entire ~~calendar year preceding the year in~~ for which the
38 claim for relief under this chapter is filed and occupied that homestead for at least 6
39 months during that year. Regardless of how many names of individuals appear on the

1 property deed, the person who meets the qualifications described in this subsection and
2 proves sole responsibility for the payment of the property taxes on the subject property is
3 the claimant with respect to that property. If 2 or more individuals meet the qualifications
4 in this subsection and share the payment of the rent or the responsibility for the payment
5 of the property taxes, each individual may apply on the basis of the rent paid or the
6 property taxes levied on the homestead that reflect the ownership percentage of the
7 claimant and the claimant's household.

8 If 2 or more individuals claim the same property, the matter must be referred to the State
9 Tax Assessor, whose decision is final. Ownership of a homestead under this chapter may
10 be by fee, by life tenancy, by bond for deed, as mortgagee or any other possessory
11 interest in which the owner is personally responsible for the tax for which a refund is
12 claimed.

13 **Sec. 115. 36 MRSA §6201, sub-§3**, as enacted by PL 1987, c. 516, §§3 and 6, is
14 amended to read:

15 **3. Elderly household.** "Elderly household" means a household in which, during the
16 year for which relief is requested:

17 A. At least one member of the household ~~has~~ had attained the age of 62 ~~during the~~
18 ~~year for which relief is requested~~;

19 B. The claimant ~~is currently was~~ not married and ~~has~~ had attained the age of 55
20 ~~during the year for which relief is requested~~ and ~~is was~~, due to disability, receiving
21 federal disability payments; such as supplemental security income; or

22 C. The claimant ~~is currently was~~ married and ~~has~~ had attained the age of 55 ~~during~~
23 ~~the year for which relief is requested~~ and both the claimant and the claimant's spouse
24 ~~are were~~, due to disability, receiving federal disability payments; such as
25 supplemental security income.

26 **Sec. 116. 36 MRSA §6201, sub-§9**, as amended by PL 2005, c. 618, §17 and as
27 affected by §22, is repealed and the following enacted in its place:

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

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

32 (1) Contributions, including catch-up contributions, to any pension, annuity or
33 retirement plan, including contributions to an individual retirement account under
34 Section 408 of the Code, a simplified employee pension plan, a salary reduction
35 simplified employee pension plan, a savings incentive match plan for employees
36 plan and a deferred compensation plan under Section 457 of the Code and cash or
37 deferred arrangements under Section 401 of the Code and qualified, or "Keogh,"
38 accounts;

39 (2) Nontaxable contributions to a flexible spending arrangement under Section
40 125 of the Code;

- 1 (3) Amounts excluded from gross income under Section 129 of the Code;
- 2 (4) Distributions from a ROTH IRA;
- 3 (5) Capital gains;
- 4 (6) The absolute value of the amount of trade or business loss, net operating loss
5 carry-over, capital loss, rental loss, farm loss, partnership or S Corporation loss
6 included in Maine adjusted gross income;
- 7 (7) Inheritance;
- 8 (8) Life insurance proceeds paid on death of an insured;
- 9 (9) Nontaxable lawsuit rewards resulting from lawsuits for actions such as
10 slander, libel and pain and suffering, excluding reimbursements such as medical
11 and legal expenses associated with the case;
- 12 (10) Support money;
- 13 (11) Nontaxable strike benefits;
- 14 (12) The gross amount of any pension or annuity, including railroad retirement
15 benefits;
- 16 (13) All payments received under the federal Social Security Act and state
17 unemployment insurance laws;
- 18 (14) Veterans' disability pensions;
- 19 (15) Nontaxable interest received from the Federal Government or any of its
20 agencies or instrumentalities;
- 21 (16) Interest or dividends on obligations or securities of this State and its political
22 subdivisions and authorities;
- 23 (17) Workers' compensation and the gross amount of "loss of time" insurance;
24 and
- 25 (18) Cash public assistance and relief, but not including relief granted under this
26 chapter.

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

- 29 (1) The first \$5,000 of proceeds from a life insurance policy, whether paid in a
30 lump sum or in the form of an annuity;
- 31 (2) A rollover from an individual retirement account, pension or annuity fund or
32 plan to an individual retirement account, pension or annuity fund or plan;
- 33 (3) Gifts from nongovernmental sources; and
- 34 (4) Surplus foods or other relief in kind supplied by a governmental agency.

35 **Sec. 117. 36 MRSA §6652, sub-§1**, as amended by PL 2005, c. 618, §19 and c.
36 623, §3, is repealed and the following enacted in its place:

1 **1. Generally.** A person against whom taxes have been assessed pursuant to Part 2,
2 except for chapters 111 and 112, with respect to eligible property and who has paid those
3 taxes is entitled to reimbursement of a portion of those taxes from the State as provided in
4 this chapter. The reimbursement under this chapter is the percentage of the taxes assessed
5 and paid with respect to eligible property specified in subsection 4, except that for claims
6 filed for the application period that begins on August 1, 2006 the reimbursement is
7 limited to 90% of the taxes assessed and paid with respect to eligible property. For
8 purposes of this chapter, a tax applied as a credit against a tax assessed pursuant to
9 chapter 111 or 112 is a tax assessed pursuant to chapter 111 or 112. A taxpayer that
10 included eligible property in its investment credit base under section 5219-E or 5219-M
11 and claimed the credit provided in one or more of those sections on its income tax return
12 may not be reimbursed under this chapter for taxes assessed on that same eligible
13 property in a year in which one or more of those credits are taken. A successor in interest
14 of a person against whom taxes have been assessed with respect to eligible property is
15 entitled to reimbursement pursuant to this section, whether the tax was paid by the person
16 assessed or by the successor, as long as a transfer of the property in question to the
17 successor has occurred and the successor is the owner of the property as of August 1st of
18 the year in which a claim for reimbursement may be filed pursuant to section 6654. For
19 purposes of this subsection, "successor in interest" includes the initial successor and any
20 subsequent successor. When an eligible successor in interest exists, the successor is the
21 only person to whom reimbursement under this chapter may be made with respect to the
22 transferred property. For an item of eligible property that is first subject to assessment
23 under Part 2 on or after April 1, 2008, and for any item of eligible property for which
24 reimbursement is paid under subsection 4, paragraph B, the reimbursement otherwise
25 payable under this section with respect to that item of eligible property must be reduced
26 by an amount equal to the amount, if any, by which the reimbursement otherwise payable
27 under this section plus payments received by the taxpayer under a tax increment
28 financing arrangement pursuant to Title 30-A, chapter 206, subchapter 1 with respect to
29 that item of eligible property exceeds 100% of the property taxes assessed with respect to
30 that item of eligible property.

31 **Sec. 118. PL 2003, c. 20, Pt. B, §1, under the caption**
32 **"ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF"**
33 **in the 3rd part designated "Revenue Services - Bureau of 0002,"** as amended
34 by PL 2003, c. 673, Pt. AAA, §4, is further amended to read:

35 **Revenue Services - Bureau of 0002**

36 Initiative: Provides for the appropriation of Personal Services and All Other funds to
37 establish one Tax Section Manager position, one Tax Enforcement Officer position, one
38 Senior Tax Examiner position, 2 Senior Revenue Agent positions, one Revenue Agent
39 position and 5 Tax Examiner positions for the Tax Amnesty, Enforcement and
40 Withholding on flow throughs initiative within the Maine Revenue Services Bureau. ~~The~~
41 ~~Bureau of Revenue Services must report on the success of the tax amnesty and tax~~
42 ~~enforcement programs by August 15th of each fiscal year to the joint standing~~
43 ~~committees of the Legislature having jurisdiction over taxation and appropriation and~~
44 ~~financial affairs matters.~~

1	General Fund	2003-04	2004-05
2	Positions - Legislative Count	(11,000)	(11,000)
3	Personal Services	765,194	619,583
4	All Other	1,102,625	65,021
5			
6	General Fund Total	1,867,819	684,604

7 **SUMMARY**

8 This bill makes the following changes to the laws governing taxation.

9 1. It repeals a provision that authorizes the State Tax Assessor to subtract from
10 revenues credit card fees associated with income tax returns filed by telephone. Maine's
11 income tax Telefile system has been discontinued.

12 2. It replaces the imprecise term "report" with the defined term "return" throughout
13 the tax laws.

14 3. It authorizes a 120-day extension of the time allowed for filing a return after the
15 taxpayer has received a formal demand for filing. The Department of Administrative and
16 Financial Services, Bureau of Revenue Services has been administratively granting such
17 extensions.

18 4. It provides clear statutory authority for the State Tax Assessor to disclose the fact
19 that a person has or has not been issued a certificate of exemption under the sales tax law
20 or the service provider tax law. The bureau has administratively interpreted existing law
21 to authorize these disclosures.

22 5. It replaces an obsolete reference to the Bureau of Property Taxation, which was
23 merged into the Bureau of Taxation, now the Bureau of Revenue Services, a number of
24 years ago.

25 6. It clarifies that all owners of property proposed for tree growth classification must
26 consent to the application in writing.

27 7. It repeals an obsolete provision that related to valuation of tree growth property
28 for taxable years prior to April 1, 1983.

29 8. It repeals obsolete language relating to the computation of tree growth
30 reimbursements and authorizes the State Tax Assessor to adopt rules governing the
31 assessment of tree growth land and the computation of reimbursements.

32 9. It repeals obsolete provisions relating to the administration of changes to the
33 Maine Tree Growth Tax Law that were enacted in 1981 and corrects an erroneous
34 reference.

- 1 10. It replaces obsolete terminology, corrects cross-references and clarifies the
2 definition of "nonprofit."
- 3 11. It clarifies certain deadlines relating to the certification of pollution control
4 facilities for property tax exemption.
- 5 12. It clarifies the deadline for filing an application for a homestead property tax
6 exemption and repeals an obsolete provision that governed program applications for the
7 1998 tax year.
- 8 13. It makes technical changes to the business equipment tax exemption law enacted
9 in 2006.
- 10 14. It clarifies that all owners of property proposed for farm and open space
11 classification must consent to the application in writing and repeals obsolete language.
- 12 15. It clarifies the deadlines for notifying the landowner of the status of an
13 application for classification of land under the farm and open space law and for reporting
14 income from farmland under the farm and open space law, corrects a cross-reference and
15 reallocates a paragraph into the subsection to which the paragraph's subject matter relates.
- 16 16. It repeals an obsolete statute that provided for transfers to the Unorganized
17 Territory Education and Services Fund in fiscal years 1985 to 1990.
- 18 17. It replaces the word "primary" with "elementary" in the definition of "school" to
19 match the term that is defined and used in other Maine statutes pertaining to schools.
- 20 18. It repeals a superfluous provision relating to determinations of residency under
21 the sales and use tax law.
- 22 19. It eliminates redundant language.
- 23 20. It clarifies exemptions for certain sales of residential fuel and electricity.
- 24 21. It repeals an obsolete provision relating to the administration of changes that
25 were enacted in 1989 in the sales tax exemption for continuous residence in a hotel,
26 rooming house, tourist camp or trailer camp.
- 27 22. It simplifies and clarifies existing law providing that certain sales tax exemptions
28 for vehicles purchased by nonresidents are not limited to natural persons.
- 29 23. It clarifies existing law providing that certain sales tax exemptions for items
30 purchased by nonresidents are limited to natural persons.
- 31 24. It clarifies the sales and use tax exemption for water and air pollution control
32 facilities by including chemicals and supplies for certified facilities within the scope of
33 the exemption. The bureau currently treats these items as exempt based on a 1994 court
34 decision.
- 35 25. It clarifies the exemption for sales of residential water.

- 1 26. It clarifies an existing sales tax exemption for property used in production.
- 2 27. It relocates an existing sales and use tax exemption for certain sales of electricity
3 or water to the section that provides for exemptions.
- 4 28. It repeals a statute that imposes criminal penalties for violation of unspecified
5 laws.
- 6 29. It repeals the solid waste reduction investment tax credit in the insurance
7 premium tax law. The credit is no longer available.
- 8 30. It corrects the name of the state agency that licenses private nonmedical
9 institutions to reflect legislation effective July 1, 2004 that combined and reorganized the
10 former Department of Human Services and the former Department of Behavioral and
11 Developmental Services.
- 12 31. It clarifies that certain separately stated transportation charges are excluded from
13 the sale price under the service provider tax law on the same basis as under the sales and
14 use tax law.
- 15 32. It adds a specific exemption for purchases of fabrication services to print
16 advertising or promotional materials for the purpose of subsequently transporting those
17 materials outside the State for use by the purchaser thereafter solely outside the State.
18 This is the administrative position taken by the bureau.
- 19 33. It clarifies that the basis of reporting for purposes of the gasoline tax is actual
20 measured gallonage, without any adjustment for temperature or barometric pressure
21 variations.
- 22 34. It adds a definition of "retail dealer" to the gasoline tax law in order to clarify the
23 type of transaction that qualifies for a retail shrinkage refund under the Maine Revised
24 Statutes, Title 36, section 2906, subsection 4.
- 25 35. It clarifies that when gasoline is placed in a retail tank it is deemed to have been
26 sold for purposes of the gasoline tax law. This is longstanding administrative policy of
27 the bureau.
- 28 36. It clarifies that gasoline tax refunds to a retail dealer based on shrinkage or loss
29 by evaporation are based on purchases of gasoline delivered to the dealer's tanks and
30 actually sold from those tanks, rather than on the total gross purchases made during the
31 year.
- 32 37. It eliminates a reference to a "monthly" refund claim for fuel used in commercial
33 uses since there is no requirement that the claims be filed monthly.
- 34 38. It repeals the requirement that original invoices must be submitted with refund
35 claims for gasoline tax paid on fuel used in locally encouraged vehicles. This requirement
36 has not been enforced for several years. It also eliminates the requirement that refund
37 claims must be filed quarterly. By administrative policy they may be filed for any open
38 period.

1 39. It adds a specific provision to clarify that gasoline tax refunds for fuel used in
2 aircraft are reduced by the amount of Maine use tax due on the fuel. This is consistent
3 with longstanding administrative practice of the bureau.

4 40. It eliminates an obsolete cross-reference to the affidavit prescribed for registered
5 sellers in Title 36, section 3205. Title 36, section 3205 no longer contains any reference
6 to an affidavit.

7 41. It repeals statutes that formerly governed taxation of fuel consumed by interstate
8 buses. This tax is now reported under the International Fuel Tax Agreement.

9 42. It clarifies that distillates delivered to a consumer or a retail outlet, whether or
10 not "on consignment," are deemed to have been sold for purposes of the special fuel tax.
11 This is longstanding administrative policy of the bureau.

12 43. It clarifies that propane shrinkage allowances must be calculated on an annual
13 basis. This is current administrative policy of the bureau.

14 44. It limits the exemption for sales of special fuel to the State and its political
15 subdivisions to bulk sales. Because of the way the tax is imposed it is not practical to
16 make exempt sales at the pump. Governmental entities may apply for a refund of the tax
17 paid on those sales.

18 45. It removes obsolete and redundant language relating to refund applications by
19 special fuel users.

20 46. It eliminates the requirement that original invoices must be submitted with
21 refund claims for special fuel tax paid by political subdivisions. This requirement has not
22 been enforced for several years. It also repeals an obsolete provision that governed
23 refunds of tax paid before April of 1986.

24 47. It clarifies the administration of the special fuel tax.

25 48. It eliminates the requirement that original invoices must be submitted with
26 refund claims for special fuel tax paid on fuel used in locally encouraged vehicles. This
27 requirement has not been enforced for several years. It also eliminates the requirement
28 that refund claims must be filed quarterly. By administrative policy they may be filed for
29 any open period.

30 49. It eliminates the requirement that original invoices must be submitted with
31 refund claims for special fuel tax paid on fuel used off-highway. This requirement has not
32 been enforced for several years. It also eliminates a reference to a "monthly" refund claim
33 since there is no requirement that the claims be filed monthly.

34 50. It repeals the definition of "dealer" from the cigarette tax law. There is no longer
35 any distinction between dealers and distributors.

36 51. It clarifies the cigarette tax law by replacing references to "license holder" with
37 the defined term "distributor."

- 1 52. It repeals superfluous criminal provisions and clarifies an ambiguous statute
2 prohibiting sale and reuse of cigarette stamps.
- 3 53. It repeals obsolete provisions setting discount rates for cigarette stamps that are
4 no longer in effect.
- 5 54. It prohibits the return of partial rolls of cigarette stamps for credit unless the
6 person is ceasing business as a distributor. This is longstanding bureau policy. It also
7 repeals unnecessary language regarding the payment of refunds.
- 8 55. It deletes the obsolete term "dealer" from the cigarette tax law and clarifies
9 certain record-keeping requirements.
- 10 56. It clarifies that the personal use exception applies to importation of tobacco
11 products other than cigars and that any quantity of untaxed tobacco products imported
12 into the State is subject to tax.
- 13 57. It repeals the law requiring certain fiduciaries to notify the State Tax Assessor of
14 their appointment. This requirement has not been enforced for many years.
- 15 58. It clarifies that a taxpayer's estimated tax liability includes all taxes due under the
16 income tax law except withholding tax.
- 17 59. It clarifies that a person who fails to withhold tax as required is not relieved from
18 liability for penalties for failure to file returns and pay withholding tax. This is the
19 bureau's longstanding position.
- 20 60. It consolidates 2 closely related provisions relating to overpayments of
21 withholding tax by employers and pass-through entities into a single subsection and
22 eliminates a superfluous authorization for rulemaking that has never been implemented.
- 23 61. It clarifies the determination of the period during which a claimant under the
24 Circuitbreaker Program must have been domiciled in Maine.
- 25 62. It clarifies the definition of "elderly household" for purposes of the
26 Circuitbreaker Program. The new language is consistent with the way the statute has been
27 administratively interpreted by the bureau.
- 28 63. It restructures for clarity the definition of "income" in the Circuitbreaker Program
29 law, but does not change the way in which income is determined for purposes of the
30 program.
- 31 64. It makes technical changes to the business equipment tax reimbursement law. It
32 also corrects a conflict created by Public Law 2005, chapters 618 and 623, which affected
33 the same provision of law, by incorporating changes made by both laws.
- 34 65. It eliminates the requirement for an annual revenue enhancement and amnesty
35 report to the Legislature by the bureau.

1 The bill also corrects several grammatical errors and replaces archaic, redundant and
2 gender-specific language.