

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2010

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Legislative Document

No. 1539

H.P. 1083

House of Representatives, December 21, 2009

### **An Act Concerning Technical Changes to the Tax Laws**

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

Received by the Clerk of the House on December 17, 2009. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative WATSON of Bath.  
Cosponsored by Senator PERRY of Penobscot.

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

2 **Sec. 1. 36 MRSA §112, sub-§5-A**, as amended by PL 1997, c. 526, §7, is further  
3 amended to read:

4 **5-A. Agreements with other governments.** The assessor may enter into  
5 agreements with ~~the tax departments of other states that the assessor considers~~  
6 appropriate governments for assistance in the administration and enforcement of this Title  
7 if the disclosure of information to duly authorized officers of those governments is  
8 permitted by section 191, subsection 2, paragraph D.

9 **Sec. 2. 36 MRSA §112, sub-§8, ¶D**, as enacted by PL 2009, c. 434, §7, is  
10 amended to read:

11 D. Administration of the premium imposed on bulk motor vehicle oil and  
12 prepackaged motor vehicle oil under Title 10, section 1020.

13 **Sec. 3. 36 MRSA §141, sub-§1**, as enacted by PL 1979, c. 378, §4, is amended to  
14 read:

15 **1. General provisions.** ~~Unless~~ Except as otherwise provided, ~~any an~~ amount of tax  
16 ~~which that~~ a person declares on a return filed ~~by him~~ with the State Tax Assessor to be  
17 due to the State ~~shall be~~ is deemed to be assessed at the time the return is filed and ~~shall~~  
18 ~~be is~~ payable on or before the date prescribed for filing the return, determined without  
19 regard to ~~any an~~ extension of time granted for filing the return. When a return is filed, the  
20 ~~State Tax Assessor assessor~~ shall cause it to be examined and may conduct ~~such~~ audits or  
21 investigations as ~~he believes necessary~~ to determine the correct tax liability. If ~~he the~~  
22 ~~assessor~~ determines that the amount of tax shown on the return is less than the correct  
23 amount, the ~~State Tax Assessor assessor~~ shall assess the tax due the State. ~~No such~~  
24 Except as provided in subsection 2, an assessment shall may not be made after 3 years  
25 from the date the return was filed or 3 years from the date the return was required to be  
26 filed, whichever is later. ~~At any time~~ The assessor may make a supplemental assessment  
27 within the appropriate assessment period prescribed by this section, the State Tax  
28 Assessor may make a supplemental assessment for the same period, periods or partial  
29 periods previously assessed if he finds the assessor determines that any a previous  
30 assessment understates the tax due or otherwise is imperfect or incomplete in any  
31 material aspect respect.

32 **Sec. 4. 36 MRSA §175, sub-§2**, as amended by PL 1993, c. 377, §1, is further  
33 amended to read:

34 **2. Failure to file or pay taxes; determination to prevent renewal, reissuance or**  
35 **other extension of license or certificate.** If the ~~State Tax Assessor assessor~~ determines  
36 that ~~any a~~ person who holds a state-issued license or certificate of authority issued by this  
37 State to conduct a profession, trade or business has neglected or refused to file ~~any returns~~  
38 a return at the time required under this Title or to pay a tax liability due under this Title  
39 that has been demanded, other than taxes due pursuant to Part 2, and the person continues  
40 to fail to file or pay after at least 2 specific written notices, each giving 30 days to  
41 respond, are have been sent by certified mail or served by a civil officer, then the assessor

1 shall notify the person in writing that ~~refusal~~ continued failure to file the required tax  
2 return or to pay the overdue tax liability may result in loss of the person's license or  
3 certificate of authority. If the person continues for a period in excess of 30 days from  
4 notice of possible denial of renewal or reissuance of a license or certificate of authority to  
5 fail to file or show reason why the person is not required to file or if the person continues  
6 not to pay, the ~~State Tax Assessor~~ assessor shall notify the person in writing of the  
7 assessor's determination to prevent renewal, reissuance or extension of the license or  
8 certificate of authority by the issuing agency. A review of this determination is available  
9 by requesting a ~~petition for~~ reconsideration under section 151, subject to appeal to the  
10 Superior Court ~~in accordance with the Maine Administrative Procedure Act~~ as provided  
11 in section 151. Either by failure to proceed to the next step of appeal or by exhaustion of  
12 the steps of appeal, the determination ~~of the assessor's right~~ to prevent renewal or  
13 reissuance of the license or certificate of authority becomes final unless otherwise  
14 determined by on appeal. In any event, the license or certificate of authority ~~in question~~  
15 remains in effect until all appeals are have been taken to their final conclusion.

16 **Sec. 5. 36 MRSA §175, sub-§6**, as enacted by PL 1993, c. 377, §2, is amended to  
17 read:

18 **6. Certificate of good standing.** The ~~State Tax Assessor~~ assessor must issue a  
19 certificate of good standing to the licensee person conditioned upon ~~an~~ the person's  
20 agreement to complete obligations under this Title. If the licensee person fails to ~~honor~~  
21 the complete obligations under this Title in accordance with that agreement, the ~~State Tax~~  
22 ~~Assessor~~ assessor may notify the licensee person and the ~~licensing authority~~ issuing  
23 agency of the assessor's determination to revoke the license or certificate of authority. A  
24 review of this determination is available by requesting a ~~petition for~~ reconsideration  
25 under section 151, subject to appeal to the Superior Court ~~in accordance with the Maine~~  
26 ~~Administrative Procedure Act~~ as provided in section 151. Either by failure to proceed to  
27 the next step of appeal or by exhaustion of the steps of appeal, the determination ~~of the~~  
28 ~~assessor's right~~ to revoke the license or certificate of authority becomes final unless  
29 otherwise determined by on appeal. ~~The licensing board shall~~ issuing agency, on receipt  
30 of the ~~finalized~~ notice that the determination to revoke the license or certificate of  
31 authority has become final, shall revoke the license or certificate of authority within 30  
32 days. The ~~bureau~~ assessor and the licensee may agree to nonbinding mediation for an  
33 agreement to complete obligations under this Title.

34 **Sec. 6. 36 MRSA §191, sub-§2, ¶D**, as amended by PL 1991, c. 546, §7, is  
35 further amended to read:

36 D. The disclosure of information to duly authorized officers of the United States  
37 and of other states, districts and territories of the United States and of ~~the provinces~~  
38 of Canada and its provinces for use in administration and enforcement of this Title or  
39 of the tax laws of those jurisdictions. ~~The~~ With respect to enforcement of the tax  
40 laws of other jurisdictions, the information may not be given ~~only~~ to the duly  
41 authorized officer ~~when~~ unless the officer's government permits a substantially  
42 similar ~~exchange~~ disclosure of information with to the taxing officials of this State  
43 and ~~when the government provides for the secrecy~~ confidentiality of information in a  
44 manner substantially similar to the manner ~~set out~~ provided in this section;

1           **Sec. 7. 36 MRSA §191, sub-§4**, as enacted by PL 1977, c. 668, §2, is amended to  
2 read:

3           **4. Penalties.** ~~Any~~ A person who willfully violates this section ~~shall be guilty of~~  
4 commits a Class E crime. ~~If the~~ An offender who is an officer or employee of the State,  
5 ~~he shall~~ must be dismissed from office.

6           **Sec. 8. 36 MRSA §272, sub-§4, ¶B**, as enacted by PL 1985, c. 764, §8 and  
7 amended by PL 1997, c. 526, §14, is further amended to read:

8           B. Raise, lower or sustain the ~~Bureau of Revenue Services'~~ bureau's determination  
9 of the municipality's achieved assessing standards and then, if the achieved standards  
10 were inadequate under the provisions of ~~this chapter~~ chapter 102, subchapter 5, and upon  
11 receiving from both the bureau and the municipality recommended solutions to the  
12 ~~inaccurate~~ inadequate assessing practices, order the municipality to take the  
13 corrective steps the board considers necessary.

14           **Sec. 9. 36 MRSA §1113**, as repealed and replaced by PL 1977, c. 467, §13, is  
15 amended to read:

16           **§1113. Enforcement provision**

17           ~~There shall be a tax~~ A lien is created to secure the payment of the penalties provided  
18 in ~~sections 1112 and~~ section 1109, subsections 2 and 6. ~~Such a lien~~ 5 and section 1112,  
19 which may be enforced in the same manner as liens ~~on real estate~~ created by section 552.

20           **Sec. 10. 36 MRSA §1115**, as amended by PL 1989, c. 748, §7, is further amended  
21 to read:

22           **§1115. Transfer of portion of parcel of land**

23           Transfer of a portion of a parcel of farmland subject to taxation under this subchapter  
24 does not affect the taxation under this subchapter of the resulting parcels unless they do  
25 not meet the minimum acreage requirements of this subchapter. Transfer of a portion of a  
26 parcel of open space land subject to taxation under this subchapter does not affect the  
27 taxation under this subchapter of the resulting parcels unless either or both of the parcels  
28 no longer provide a public benefit ~~as required in one of the areas enumerated~~ in section  
29 1102, subsection 6. Each resulting parcel must be taxed to the owners under this  
30 subchapter until ~~such a parcel~~ it is withdrawn from taxation under this subchapter, in  
31 which case, the penalties provided ~~for~~ in section 1112 apply only to the owner of that  
32 parcel. ~~If the transfer of a portion of a parcel of farmland resulting from the transfer of~~  
33 subject to taxation under this subchapter results in the creation of a parcel that is less than  
34 the minimum acreage requirement of required by this subchapter or, if the transfer of a  
35 portion of a parcel of open space land resulting from a transfer subject to taxation under  
36 this subchapter results in the creation of a parcel that no longer provides a public benefit  
37 in one of the areas enumerated in section 1102, subsection 6, that parcel ~~must be~~  
38 considered as is deemed to have been withdrawn from taxation under this subchapter as a  
39 result of the transfer and is subject to the penalties as provided in section 1112.

1           **Sec. 11. 36 MRSA §1132, sub-§1**, as enacted by PL 2007, c. 466, Pt. A, §58, is  
2 amended to read:

3           **1. Commercial aquacultural production.** "Commercial ~~aquaculture~~ aquacultural  
4 production" has the same meaning as in section 2013, subsection 1, paragraph A-1.

5           **Sec. 12. 36 MRSA §1132, sub-§3**, as enacted by PL 2007, c. 466, Pt. A, §58, is  
6 amended to read:

7           **3. Commercial fishing activities.** "Commercial fishing activities" means  
8 commercial ~~aquaculture~~ aquacultural production and commercial fishing. "Commercial  
9 fishing activities" does not include retail sale to the general public of marine organisms or  
10 their byproducts, or of other products or byproducts of commercial ~~aquaculture~~  
11 aquacultural production or commercial fishing.

12           **Sec. 13. 36 MRSA §1506**, as amended by PL 1987, c. 196, §10 and PL 1997, c.  
13 526, §14, is further amended to read:

14           **§1506. Rulemaking**

15           ~~The Bureau of Revenue Services, after~~ After consultation with the Commissioner of  
16 Marine Resources, the Commissioner of Inland Fisheries and Wildlife and the Director of  
17 the Division of Licensing ~~and, Registration and Engineering within the Department of~~  
18 Inland Fisheries and Wildlife, the State Tax Assessor may adopt rules and establish ~~such~~  
19 forms and procedures as ~~are~~ necessary for the efficient administration and enforcement of  
20 the excise tax ~~established~~ imposed by this chapter. Rules adopted pursuant to this section  
21 are routine technical rules for the purposes of Title 5, chapter 375, subchapter 2-A.

22           **Sec. 14. 36 MRSA §1752, sub-§5-A**, as enacted by PL 1981, c. 163, §1, is  
23 amended to read:

24           **5-A. Products for internal human consumption.** "Products for internal human  
25 consumption" ~~mean~~ means edible products sold for human nutrition or refreshment and  
26 containers or ~~instruments~~ utensils provided simultaneously for the consumption of these  
27 products. It does not include spirituous, malt or vinous liquors, medicines, tonics,  
28 vitamins, dietary supplements or cigarettes.

29           **Sec. 15. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2007, c. 627, §43, is  
30 further amended to read:

31           B. "Sale price" does not include:

32           (1) Discounts allowed and taken on sales;

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

35           (3) The price of property returned by customers, when the full price is refunded  
36 either in cash or by credit;

- 1 (4) The price received for labor or services used in installing or applying or
- 2 repairing the property sold, if separately charged or stated;
- 3 (5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically
- 4 stated service charge, when that amount is to be disbursed by a hotel, restaurant
- 5 or other eating establishment to its employees as wages;
- 6 (6) The amount of any tax imposed by the United States on or with respect to
- 7 retail sales, whether imposed upon the retailer or the consumer, except any
- 8 manufacturers', importers', alcohol or tobacco excise tax;
- 9 (7) The cost of transportation from the retailer's place of business or other point
- 10 from which shipment is made directly to the purchaser, provided that those
- 11 charges are separately stated and the transportation occurs by means of common
- 12 carrier, contract carrier or the United States mail;
- 13 (8) The fee imposed by Title 10, section 1169, subsection 11;
- 14 (9) The fee imposed by section 4832, subsection I;
- 15 (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection
- 16 2-B;
- 17 (11) Any amount charged or collected by a person engaged in the rental of
- 18 living quarters as a forfeited room deposit or ~~cancellation fee if the prospective~~
- 19 occupant of the living quarters cancels the reservation on or before the scheduled
- 20 date of arrival; or
- 21 (12) The premium imposed on bulk motor vehicle oil changes imposed and
- 22 prepackaged motor vehicle oil by Title 10, section 1020, subsection ~~6~~ 6-A.

23 **Sec. 16. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2009, c. 382, Pt. B,  
 24 §17 and affected by §52, is further amended to read:

25 B. "Sale price" does not include:

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

- 1 (8) The fee imposed by Title 10, section 1169, subsection 11;  
2 (9) The fee imposed by section 4832, subsection 1;  
3 (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection  
4 2-B;  
5 (11) Any amount charged or collected by a person engaged in the rental of living  
6 quarters as a forfeited room deposit or cancellation fee if the prospective  
7 occupant of the living quarters cancels the reservation on or before the scheduled  
8 date of arrival; or  
9 (12) The premium imposed on bulk motor vehicle oil changes imposed and  
10 prepackaged motor vehicle oil by Title 10, section 1020, subsection 6.

11 **Sec. 17. 36 MRSA §1754-B, sub-§2**, as amended by PL 2003, c. 673, Pt. AAA,  
12 §1, is further amended to read:

13 **2. Registration certificates.** Application forms for sales tax registration certificates  
14 must be prescribed and furnished free of charge by the assessor. The assessor shall issue  
15 a registration certificate to each applicant that properly completes and submits an  
16 application form. A separate application must be completed and a separate registration  
17 certificate issued for each place of business. A registration certificate issued pursuant to  
18 this section is nontransferable and is not a license within the meaning of that term in the  
19 Maine Administrative Procedure Act. Each application for a registration certificate must  
20 contain a statement as to the type or types of ~~items~~ tangible personal property that the  
21 applicant intends to purchase for resale and the type or types of taxable services that the  
22 applicant intends to sell, and each retailer registered under this section must inform the  
23 assessor in writing of any changes to the type or types of ~~items~~ tangible personal property  
24 that it purchases for resale or to the type or types of taxable services that it sells.

25 ~~When a~~ If the retailer maintains a place of business in this State, the registration  
26 certificate must be conspicuously displayed at that place of business. ~~In~~ If the case of a  
27 retailer that does not have a fixed place of business and makes sales from one or more  
28 motor vehicles, each motor vehicle ~~constitutes~~ is deemed to be a place of business.

29 **Sec. 18. 36 MRSA §3203, sub-§1**, as amended by PL 2007, c. 650, §1, is  
30 repealed.

31 **Sec. 19. 36 MRSA §3203, sub-§4**, as amended by PL 2007, c. 538, Pt. L, §2, is  
32 further amended to read:

33 **4. Highway Fund.** All taxes and fines collected under this chapter must be credited  
34 to the Highway Fund, except that beginning July 1, 2009 the Treasurer of State shall  
35 deposit monthly into the TransCap Trust Fund established in Title 30-A, section 6006-G  
36 7.5% of the excise tax imposed under subsection ~~1~~ 1-B.

37 **Sec. 20. 36 MRSA §3203-C**, as amended by PL 2009, c. 413, Pt. W, §3 and  
38 affected by §6 and amended by c. 434, §51 and affected by §84, is repealed and the  
39 following enacted in its place:



1        **§3203-C. Inventory tax**

2        On the date that any increase in the rate of tax imposed under this chapter takes  
3 effect, an inventory tax is imposed upon all distillates that are held in inventory by a  
4 supplier, wholesaler or retail dealer as of the end of the day prior to that date on which the  
5 tax imposed by section 3203, section 1-B has been paid. The inventory tax is computed  
6 by multiplying the number of gallons of tax-paid fuel held in inventory by the difference  
7 between the tax rate already paid and the new tax rate. Suppliers, wholesalers and retail  
8 dealers that hold such tax-paid inventory shall make payment of the inventory tax on or  
9 before the 15th day of the next calendar month, accompanied by a form prescribed and  
10 furnished by the State Tax Assessor. In the event of a decrease in the tax rate, the  
11 supplier, wholesaler or retail dealer is entitled to a refund or credit, which must be  
12 claimed on a form designed and furnished by the assessor.

13        **Sec. 21. 36 MRSA §5122, sub-§1, ¶Z,** as amended by PL 2009, c. 213, Pt.  
14 BBBB, §2 and c. 434, §66 and affected by §84, is repealed and the following enacted in  
15 its place:

16        Z. For income tax years beginning on or after January 1, 2008, the amount of any  
17 qualified state and local tax benefit and any qualified payment excluded from gross  
18 income pursuant to the Code, Section 139B;

19        **Sec. 22. 36 MRSA §5122, sub-§2, ¶AA,** as amended by PL 2009, c. 213, Pt.  
20 BBBB, §6 and amended by c. 434, §67, is repealed and the following enacted in its place:

21        AA. For taxable years beginning on or after January 1, 2009, an amount equal to the  
22 net increase in the depreciation deductions allowable under sections 167 and 168 of  
23 the Code that would have been applicable to that property had the depreciation  
24 deduction under the Code, Section 168(k) not been claimed with respect to such  
25 property placed in service on or after January 1, 2008 for which an addition was  
26 required under subsection 1, paragraph AA in a prior year.

27        Upon the taxable disposition of property to which this paragraph applies, the amount  
28 of any gain or loss includable in federal adjusted gross income must be adjusted for  
29 Maine income tax purposes by an amount equal to the difference between the  
30 addition modification for such property under subsection 1, paragraph AA and the  
31 subtraction modifications allowed pursuant to this paragraph.

32        The total amount of subtraction claimed for property under this paragraph for all tax  
33 years may not exceed the addition modification under subsection 1, paragraph AA for  
34 the same property;

35        **Sec. 23. 36 MRSA §5200-A, sub-§2, ¶R,** as amended by PL 2009, c. 213, Pt.  
36 ZZZ, §11 and Pt. BBBB, §13, is repealed and the following enacted in its place:

37        R. For taxable years beginning on or after January 1, 2009, an amount equal to the  
38 net increase in the depreciation deductions allowable under sections 167 and 168 of  
39 the Code that would have been applicable to that property had the depreciation  
40 deduction under the Code, Section 168(k) not been claimed with respect to such  
41 property placed in service on or after January 1, 2008 for which an addition was  
42 required under subsection 1, paragraph T in a prior year.

1           Upon the taxable disposition of property to which this paragraph applies, the amount  
2           of any gain or loss includable in federal taxable income must be adjusted for Maine  
3           income tax purposes by an amount equal to the difference between the addition  
4           modification for such property under subsection 1, paragraph T and the subtraction  
5           modifications allowed pursuant to this paragraph.

6           The total amount of subtraction claimed for property under this paragraph for all tax  
7           years may not exceed the addition modification under subsection 1, paragraph T for  
8           the same property;

9           **Sec. 24. 36 MRSA §5219-E**, as amended by PL 1997, c. 24, Pt. C, §11, is  
10          repealed.

11          **Sec. 25. 36 MRSA §5228, sub-§3**, as corrected by RR 2009, c. 1, §29, is  
12          amended to read:

13           **3. Amount of estimated tax to be paid.** Every person required to make payment of  
14          estimated tax is liable for an estimated tax that is no less than the smaller of the amounts  
15          determined pursuant to paragraphs A and B, except that large corporations as defined in  
16          the Code, Section 6655(g), are subject only to paragraph B, except as provided in  
17          subsection 5, paragraph C and individual taxpayers encountering an unusual event are  
18          subject only to paragraph B with respect to the unusual event, except as provided in  
19          subsection 5, paragraph D:

20           A. An amount equal to the person's tax liability under this Part for the preceding  
21          taxable year, if that preceding year was a taxable year of 12 months; or

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

27          **Sec. 26. 36 MRSA §5278, sub-§4**, as amended by PL 2003, c. 588, §21, is  
28          further amended to read:

29           **4. Notice of change or correction.** If a taxpayer is required by section 5227-A to  
30          file an amended Maine return, a claim for credit or refund of any resulting overpayment  
31          of the tax must be filed by the taxpayer within 2 years from the time the filing of the  
32          amended return was required. The claim for credit or refund is limited to issues included  
33          in the federal amendment or adjustment and the amount of the credit or refund may not  
34          exceed the amount of the reduction in tax attributable to the federal amendment or  
35          adjustment. This subsection does not affect the time within which or the amount for  
36          which a claim for credit or refund may be filed apart from this subsection.

37          **Sec. 27. 36 MRSA §6652, sub-§1**, as amended by PL 2009, c. 213, Pt. U, §1, is  
38          further amended to read:

39           **1. Generally.** A person against whom taxes have been assessed pursuant to Part 2,  
40          except for chapters 111 and 112, with respect to eligible property and who has paid those

1 taxes is entitled to reimbursement of a portion of those taxes from the State as provided in  
2 this chapter. The reimbursement under this chapter is the percentage of the taxes assessed  
3 and paid with respect to eligible property specified in subsection 4, ~~except that for claims~~  
4 ~~filed for application periods that begin on August 1, 2006, August 1, 2009 and August 1,~~  
5 ~~2010 the reimbursement is limited to 90% of the taxes assessed and paid with respect to~~  
6 ~~eligible property.~~ For purposes of this chapter, a tax applied as a credit against a tax  
7 assessed pursuant to chapter 111 or 112 is a tax assessed pursuant to chapter 111 or 112.  
8 A taxpayer that included eligible property in its investment credit base under section  
9 ~~5219-E or 5219-M and claimed the credit provided in one or more of those sections~~  
10 section 5219-M on its income tax return may not be reimbursed under this chapter for  
11 taxes assessed on that same eligible property in a year in which ~~one or more of these~~  
12 credits are that credit is taken. A successor in interest of a person against whom taxes  
13 have been assessed with respect to eligible property is entitled to reimbursement pursuant  
14 to this section; whether the tax was paid by the person assessed or by the successor, as  
15 long as a transfer of the property in question to the successor has occurred and the  
16 successor is the owner of the property as of August 1st of the year in which a claim for  
17 reimbursement may be filed pursuant to section 6654. For purposes of this subsection,  
18 "successor in interest" includes the initial successor and any subsequent successor. When  
19 an eligible successor in interest exists, the successor is the only person to whom  
20 reimbursement under this chapter may be made with respect to the transferred property.  
21 For an item of eligible property that is first subject to assessment under Part 2 on or after  
22 April 1, 2008, and for any item of eligible property for which reimbursement is paid  
23 under subsection 4, paragraph B, the reimbursement otherwise payable under this section  
24 ~~with respect to that item of eligible property must be reduced by an amount equal to the~~  
25 ~~amount, if any, by which the reimbursement otherwise payable under this section plus~~  
26 ~~payments received by the taxpayer under a tax increment financing arrangement pursuant~~  
27 ~~to Title 30-A, chapter 206, subchapter 1 with respect to that item of eligible property~~  
28 ~~exceeds 100% of the property taxes assessed with respect to that item of eligible property~~  
29 may not exceed the actual property taxes paid less any tax increment financing refund  
30 received.

31 **Sec. 28. 36 MRSA §6652, sub-§4**, as enacted by PL 2005, c. 623, §5, is amended  
32 to read:

33 **4. Reimbursement percentage.** ~~Reimbursements~~ The reimbursement under this  
34 chapter ~~are for the following~~ is an amount equal to the percentage specified in paragraphs  
35 A and B of taxes assessed and paid with respect to each item of eligible property, ~~except~~  
36 that for claims filed for application periods that begin on August 1, 2006, August 1, 2009  
37 or August 1, 2010 the reimbursement is 90% of that amount.

38 A. For each of the first to 12th years for which reimbursement is made, the  
39 percentage is 100%.

40 B. Pursuant to section 699, subsection 2, reimbursement under this chapter after the  
41 12th year for which reimbursement is made is according to the following percentages  
42 of taxes assessed and paid with respect to each item of eligible property.

43 (1) For the 13th year for which reimbursement is made, the percentage is 75%.

44 (2) For the 14th year for which reimbursement is made, the percentage is 70%.

- 1 (3) For the 15th year for which reimbursement is made, the percentage is 65%.
- 2 (4) For the 16th year for which reimbursement is made, the percentage is 60%.
- 3 (5) For the 17th year for which reimbursement is made, the percentage is 55%.
- 4 (6) For the 18th year for which reimbursement is made and for subsequent
- 5 years, the percentage is 50%.

6 **Sec. 29. 36 MRSA §6754, sub-§1**, as amended by PL 2009, c. 434, §83 and c.  
7 461, §27, is repealed and the following enacted in its place:

8 **1. Generally.** Subject to the provisions of subsection 2, a qualified business is  
9 entitled to reimbursement of Maine income tax withheld during the calendar year for  
10 which reimbursement is requested and attributed to qualified employees after July 1,  
11 1996 in the following amounts.

12 A. For qualified employees employed by a qualified business in labor market areas  
13 in this State in which the labor market unemployment rate is at or below the State's  
14 unemployment rate at the time of application, the reimbursement is equal to 30% of  
15 Maine income tax withheld during each of the first 5 calendar years for which  
16 reimbursement is requested and attributed to those qualified employees. The  
17 percentage of reimbursement for the 6th to 10th years of the employment tax  
18 increment financing development program is established based upon the labor market  
19 unemployment rate at the beginning of the 6th year.

20 B. For qualified employees employed by a qualified business in labor market areas in  
21 this State in which the labor market unemployment rate is greater than the State's  
22 unemployment rate at the time of application, the reimbursement is equal to 50% of  
23 Maine income tax withheld during each of the first 5 calendar years for which  
24 reimbursement is requested and attributed to those qualified employees. The  
25 percentage of reimbursement for the 6th to 10th years of the employment tax  
26 increment financing development program is established based upon the labor market  
27 unemployment rate at the beginning of the 6th year.

28 C. For qualified employees employed by a qualified business in labor market areas in  
29 this State in which the labor market unemployment rate is greater than 150% of the  
30 State's unemployment rate at the time of application, the reimbursement is equal to  
31 75% of Maine income tax withheld during each of the first 5 calendar years for which  
32 reimbursement is requested and attributed to those qualified employees. The  
33 percentage of reimbursement for the 6th to 10th years of the employment tax  
34 increment financing development program is established based upon the labor market  
35 unemployment rate at the beginning of the 6th year.

36 D. For qualified Pine Tree Development Zone employees, as defined in Title 30-A,  
37 section 5250-I, subsection 18, employed directly in the qualified business activity of  
38 a qualified Pine Tree Development Zone business, as defined in Title 30-A, section  
39 5250-I, subsection 17, for whom a certificate of qualification has been issued in  
40 accordance with Title 30-A, section 5250-O, the reimbursement under this subsection  
41 is equal to 80% of Maine income tax withheld each year for which reimbursement is  
42 requested and attributed to those qualified employees for a period of no more than 10  
43 years for tier 1 locations and no more than 5 years for tier 2 locations.



1           The bill clarifies the circumstances under which an income tax credit or refund may  
2 be claimed based on a federal amendment or adjustment.

3           This bill amends the law to clarify that a taxpayer participating in the business  
4 equipment tax reimbursement, or BETR, program and a tax increment financing  
5 agreement with a municipality may not receive a greater reimbursement than the amount  
6 of property taxes actually paid, less any tax increment financing refund received.

7           The bill repeals a reference to the investment tax credit and clarifies the computation  
8 of the reduced BETR program reimbursement.

9           The bill clarifies language relating to the computation of the employment tax  
10 increment financing reimbursement and corrects a conflict created by Public Law 2009,  
11 chapters 434 and 461, which affected the same provision of law.