

MAINE STATE LEGISLATURE

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Date: 2-11-14

(Filing No. H-603)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
SECOND REGULAR SESSION

HOUSE AMENDMENT "B" to H.P. 1264, L.D. 1762, Bill, "An Act Related to the Report of the Tax Expenditure Review Task Force"

Amend the bill by inserting after the enacting clause and before section 1 the following:

Sec. 1. 5 MRSA §1518-A, as amended by PL 2011, c. 692, §1, is repealed.

Sec. 2. 5 MRSA §1536, sub-§1, ¶A, as amended by PL 2013, c. 1, Pt. E, §2, is further amended to read:

A. ~~Forty-eight~~ Sixty-eight percent to the stabilization fund;

Sec. 3. 5 MRSA §1536, sub-§1, ¶¶D and E, as amended by PL 2011, c. 692, §2 and affected by §3, are further amended to read:

D. Nine percent to the Retiree Health Insurance Internal Service Fund established in section 1519 to be used solely for the purpose of amortizing the unfunded actuarial liability associated with future health benefits; and

E. Ten percent to the Capital Construction and Improvements Reserve Fund established in section 1516-A; and

Sec. 4. 5 MRSA §1536, sub-§1, ¶F, as enacted by PL 2011, c. 692, §2 and affected by §3, is repealed.

Sec. 5. 5 MRSA §1536, sub-§3, as enacted by PL 2005, c. 2, Pt. A, §5 and affected by §14, is repealed.

Sec. 6. 5 MRSA §13070-J, sub-§1, ¶D, as amended by PL 2011, c. 573, §1, is further amended to read:

D. "Economic development incentive" means federal and state statutorily defined programs that receive state funds, dedicated revenue funds and tax expenditures as defined by section 1666 whose purposes are to create, attract or retain business entities related to business development in the State, including but not limited to:

- (1) Assistance from Maine Quality Centers under Title 20-A, chapter 431-A;

HOUSE AMENDMENT

H. 018

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- (2) The Governor's Jobs Initiative Program under Title 26, chapter 25, subchapter 4;
- (3) Municipal tax increment financing under Title 30-A, chapter 206;
- (4) The jobs and investment tax credit under Title 36, section 5215;
- (5) The research expense tax credit under Title 36, section 5219-K;
- (6) Reimbursement for taxes paid on certain business property under Title 36, chapter 915;
- (7) Employment tax increment financing under Title 36, chapter 917;
- ~~(8) The shipbuilding facility credit under Title 36, chapter 919;~~
- (9) The credit for seed capital investment under Title 36, section 5216-B;
- (10) The credit for pollution-reducing boilers under Title 36, section 5219-Z; and
- (11) The credit for Maine fishery infrastructure investment under Title 36, section 5216-D.

Sec. 7. 36 MRSA §691, sub-§1, ¶A, as amended by PL 2009, c. 571, Pt. II, §1 and affected by §5, is further amended to read:

A. "Eligible business equipment" means qualified property that, in the absence of this subchapter, would first be subject to assessment under this Part on or after April 1, 2008. "Eligible business equipment" includes, without limitation, repair parts, replacement parts, replacement equipment, additions, accessions and accessories to other qualified business property that first became subject to assessment under this Part before April 1, 2008 if the part, addition, equipment, accession or accessory would, in the absence of this subchapter, first be subject to assessment under this Part on or after April 1, 2008. "Eligible business equipment" also includes inventory parts.

"Eligible business equipment" does not include:

- (1) Office furniture, including, without limitation, tables, chairs, desks, bookcases, filing cabinets and modular office partitions;
- (2) Lamps and lighting fixtures used primarily for the purpose of providing general purpose office or worker lighting;
- (3) Property owned or used by an excluded person;
- (4) Telecommunications personal property subject to the tax imposed by section 457;
- (5) Gambling machines or devices, including any device, machine, paraphernalia or equipment that is used or usable in the playing phases of any gambling activity as that term is defined in Title 8, section 1001, subsection 15, whether that activity consists of gambling between persons or gambling by a person involving

1 the playing of a machine. "Gambling machines or devices" includes, without
2 limitation:

3 (a) Associated equipment as defined in Title 8, section 1001, subsection 2;

4 (b) Computer equipment used directly and primarily in the operation of a
5 slot machine as defined in Title 8, section 1001, subsection 39;

6 (c) An electronic video machine as defined in Title 17, section 1831,
7 subsection 4;

8 (d) Equipment used in the playing phases of lottery schemes; and

9 (e) Repair and replacement parts of a gambling machine or device;

10 (6) Property located at a retail sales facility and used primarily in a retail sales
11 activity ~~unless the property is owned by a business that operates a retail sales~~
12 ~~facility in the State exceeding 100,000 square feet of interior customer selling~~
13 ~~space that is used primarily for retail sales and whose Maine based operations~~
14 ~~derive less than 30% of their total annual revenue on a calendar year basis from~~
15 ~~sales that are made at a retail sales facility located in the State.~~ For purposes of
16 this subparagraph, the following terms have the following meanings:

17 (a) "Primarily" means more than 50% of the time;

18 (b) "Retail sales activity" means an activity associated with the selection and
19 purchase of goods or services or the rental of tangible personal property.
20 "Retail sales activity" does not include production as defined in section 1752,
21 subsection 9-B; and

22 (c) "Retail sales facility" means a structure used to serve customers who are
23 physically present at the facility for the purpose of selecting and purchasing
24 goods or services at retail or for renting tangible personal property. "Retail
25 sales facility" does not include a separate structure that is used as a
26 warehouse or call center facility;

27 (7) Property that is not entitled to an exemption by reason of the additional
28 limitations imposed by subsection 2; or

29 (8) Personal property that would otherwise be entitled to exemption under this
30 subchapter used primarily to support a telecommunications antenna used by a
31 telecommunications business subject to the tax imposed by section 457.

32 **Sec. 8. 36 MRSA §5111, sub-§1-D**, as enacted by PL 2013, c. 368, Pt. Q, §4, is
33 amended to read:

34 **1-D. Single individuals and married persons filing separate returns; tax years**
35 **beginning 2014.** For tax years beginning on or after January 1, 2014, for single
36 individuals and married persons filing separate returns:

1	If Maine Taxable -taxable income is:	The tax is:
2	At least \$5,200 but less than \$20,900	6.5% of the excess over \$5,200
3	<u>At least \$20,900 or more but less than</u>	\$1,021 plus 7.95% of the excess over
4	<u>\$289,000</u>	\$20,900
5	<u>\$289,000 or more</u>	<u>\$21,314 plus 8.67% of the excess over</u>
6		<u>\$289,000</u>

7 **Sec. 9. 36 MRSA §5111, sub-§2-D**, as enacted by PL 2013, c. 368, Pt. Q, §6, is
8 amended to read:

9 **2-D. Heads of households; tax years beginning 2014.** For tax years beginning on
10 or after January 1, 2014, for unmarried individuals or legally separated individuals who
11 qualify as heads of households:

12	If Maine Taxable -taxable income is:	The tax is:
13	At least \$7,850 but less than \$31,350	6.5% of the excess over \$7,850
14	<u>At least \$31,350 or more but less than</u>	\$1,528 plus 7.95% of the excess over
15	<u>\$289,000</u>	\$31,350
16	<u>\$289,000 or more</u>	<u>\$22,011 plus 8.67% of the excess over</u>
17		<u>\$289,000</u>

18 **Sec. 10. 36 MRSA §5111, sub-§3-D**, as enacted by PL 2013, c. 368, Pt. Q, §8, is
19 amended to read:

20 **3-D. Individuals filing married joint return or surviving spouses; tax years**
21 **beginning 2014.** For tax years beginning on or after January 1, 2014, for individuals
22 filing married joint returns or surviving spouses permitted to file a joint return:

23	If Maine Taxable -taxable income is:	The tax is:
24	At least \$10,450 but less than \$41,850	6.5% of the excess over \$10,450
25	<u>At least \$41,850 or more but less than</u>	\$2,041 plus 7.95% of the excess over
26	<u>\$289,000</u>	\$41,850
27	<u>\$289,000 or more</u>	<u>\$21,689 plus 8.67% of the excess over</u>
28		<u>\$289,000</u>

29 **Sec. 11. 36 MRSA §6652, sub-§1-D**, as enacted by PL 2005, c. 12, Pt. BBB, §2
30 and affected by §6, is amended to read:

31 **1-D. Retail sales facilities.** Reimbursement pursuant to this chapter may not be
32 made with respect to property that is located in a retail sales facility ~~exceeding 100,000~~
33 ~~square feet of interior customer selling space~~ and used primarily in a retail sales activity;
34 ~~unless the facility is owned by a business whose Maine-based operation derives less than~~
35 ~~50% of its total annual revenue on a calendar year basis from sales that are subject to~~
36 ~~Maine sales tax. This subsection applies to property tax years beginning after April 1,~~
37 ~~2006. Property affected by this subsection that was eligible for reimbursement pursuant~~
38 ~~to this chapter for property taxes paid for the 2006 property tax year is grandfathered into~~
39 ~~the program and continues to be eligible for reimbursement to the extent permitted by this~~
40 ~~chapter as it existed on April 1, 2006, unless that property subsequently becomes~~
41 ~~ineligible.~~

R. M. S.

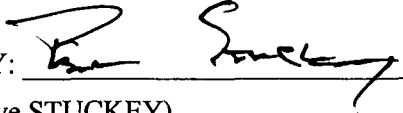
HOUSE AMENDMENT "B" to H.P. 1264, L.D. 1762

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5. It eliminates eligibility under the Business Equipment Tax Reimbursement program for property located at a retail sales facility and used primarily in a retail sales activity; and

6. It creates a new individual income tax rate of 8.67% that is imposed on income over \$289,000.

FISCAL NOTE REQUIRED
(See attached)

SPONSORED BY: 
(Representative STUCKEY)

TOWN: Portland



126th MAINE LEGISLATURE

LD 1762

LR 2721(02)

An Act Related to the Report of the Tax Expenditure Review Task Force

Fiscal Note for House Amendment *B* to Original Bill
 Sponsor: Rep. Stuckey of Portland
 Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$0	(\$14,151,132)	(\$29,909,182)	(\$30,403,371)
Revenue				
General Fund	\$0	\$35,151,132	\$29,909,182	\$30,403,371
Other Special Revenue Funds	\$0	\$1,620,300	\$1,295,584	\$1,329,952
Transfers				
General Fund	\$0	(\$21,000,000)	\$0	\$0

Fiscal Detail and Notes

This amendment decreases the General Fund costs of the bill by \$14,151,132 in fiscal year 2014-15, \$29,909,182 in fiscal year 2015-16 and \$30,403,371 in fiscal year 2016-17. It eliminates the transfer from the Maine Budget Stabilization Fund to the General Fund unappropriated surplus contained in the bill and makes the following changes increasing General Fund revenue and transfers for Municipal Revenue Sharing.

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
New income tax bracket with a rate of 8.67% for taxable income of \$289,000 beginning in 2014 tax year				
- General Fund	\$0	\$27,935,700	\$21,766,096	\$22,419,078
- Municipal Revenue Sharing	\$0	\$1,470,300	\$1,145,584	\$1,179,952
Repeal the Shipbuilding Facility Credit				
- General Fund	\$0	\$2,850,000	\$2,850,000	\$2,850,000
- Municipal Revenue Sharing	\$0	\$150,000	\$150,000	\$150,000
Exclude Retail Facilities from BETR and BETE Programs				
- General Fund	\$0	\$4,365,432	\$5,293,086	\$5,134,293