

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1411

S.P. 526

In Senate, May 13, 2015

An Act To Amend 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.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator McCORMICK of Kennebec.

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

2 **PART A**

3 **Sec. A-1. 10 MRSA §1100-Z, sub-§3, ¶G**, as amended by PL 2011, c. 548, §4,
4 is further amended to read:

5 G. Upon receipt of notice that a qualified community development entity has issued
6 its qualified equity investments or long-term debt securities, the authority shall certify
7 the entity's qualified equity investments or long-term debt securities as qualified
8 equity investments and eligible for tax credits under Title 36, section 5219-HH. The
9 authority shall provide written notice, sent by certified mail or any other means
10 considered feasible by the authority, of the certification to the qualified community
11 development entity, the Department of Administrative and Financial Services, Bureau
12 of Revenue Services and the Commissioner of Administrative and Financial Services.
13 The notice must include the names of persons eligible to claim the tax credits and
14 their respective tax credit amounts. If the names of the persons that are eligible to
15 claim the tax credits change due to a transfer of a qualified equity investment or a
16 change in an allocation pursuant to this subchapter, the qualified community
17 development entity shall notify the authority and the Department of Administrative
18 and Financial Services, Bureau of Revenue Services of that transfer or change.

19 **Sec. A-2. 10 MRSA §1100-Z, sub-§5**, as amended by PL 2011, c. 548, §6, is
20 further amended to read:

21 **5. Reporting and disclosure of information.** The authority shall require annual
22 reports of a qualified community development entity granted tax credit allocation
23 authority pursuant to subsection 3. Reports ~~may~~ must be shared with the Department of
24 Administrative and Financial Services, Bureau of Revenue Services and the
25 Commissioner of Administrative and Financial Services. Notwithstanding section 975-A,
26 the authority may disclose any information to the Department of Administrative and
27 Financial Services, Bureau of Revenue Services and the Commissioner of Administrative
28 and Financial Services that it considers necessary for the administration of the program
29 pursuant to this section, Title 36, section 2533 or Title 36, section 5219-HH.

30 **Sec. A-3. 12 MRSA §13003, sub-§2, ¶A**, as amended by PL 2013, c. 86, §1 and
31 affected by §5, is repealed.

32 **Sec. A-4. 36 MRSA §191, sub-§2, ¶HH**, as amended by PL 2007, c. 328, §2, is
33 repealed.

34 **Sec. A-5. 36 MRSA §191, sub-§2, ¶¶XX and YY**, as enacted by PL 2013, c.
35 331, Pt. B, §5, are amended to read:

36 XX. The disclosure of information by the assessor to the board, except that such
37 disclosure is limited to information that is pertinent to an appeal or other action or
38 proceeding before the board; ~~and~~

39 YY. The inspection and disclosure of information by the board to the extent
40 necessary to conduct appeals procedures pursuant to this Title and issue a decision on

1 an appeal to the parties. The board may make available to the public redacted
2 decisions that do not disclose the identity of a taxpayer or any information made
3 confidential by state or federal statute; and

4 **Sec. A-6. 36 MRSA §191, sub-§2, ¶ZZ** is enacted to read:

5 ZZ. The disclosure by the State Tax Assessor to a qualified Pine Tree Development
6 Zone business that has filed a claim for reimbursement under section 2016 of
7 information related to any insufficiency of the claim, including records of a
8 contractor or subcontractor that assigned the claim for reimbursement to the qualified
9 Pine Tree Development Zone business and records of the vendors of the contractor or
10 subcontractor.

11 **Sec. A-7. 36 MRSA §193, sub-§2, ¶C** is enacted to read:

12 C. Unless otherwise provided by a rule adopted pursuant to this subsection, in the
13 case of an employer that submits returns pursuant to Title 26, chapter 13, subchapter
14 5 or 7, the assessor may require that the returns be filed by electronic data
15 submission.

16 **Sec. A-8. 36 MRSA §841, sub-§2**, as repealed and replaced by PL 2013, c. 424,
17 Pt. A, §24, is amended to read:

18 **2. Hardship or poverty.** The municipal officers, or the State Tax Assessor for the
19 unorganized territory, within 3 years from commitment, may, on their own knowledge or
20 on written application, make such abatements as they believe reasonable on the real and
21 personal taxes on the primary residence of any person who, by reason of hardship or
22 poverty, is in their judgment unable to contribute to the public charges. The municipal
23 officers, or the State Tax Assessor for the unorganized territory, may extend the 3-year
24 period within which they may make abatements under this subsection.

25 Municipal officers or the State Tax Assessor for the unorganized territory shall:

26 A. Provide that any person indicating an inability to pay all or part of taxes that have
27 been assessed because of hardship or poverty be informed of the right to make
28 application under this subsection;

29 B. Assist individuals in making application for abatement;

30 C. Make available application forms for requesting an abatement based on hardship
31 or poverty and provide that those forms contain notice that a written decision will be
32 made within 30 days of the date of application;

33 D. Provide that persons are given the opportunity to apply for an abatement during
34 normal business hours;

35 E. Provide that all applications, information submitted in support of the application,
36 files and communications relating to an application for abatement and the
37 determination on the application for abatement are confidential. Hearings and
38 proceedings held pursuant to this subsection must be in executive session;

39 F. Provide to any person applying for abatement under this subsection, notice in
40 writing of their decision within 30 days of application; and

1 G. Provide that any decision made under this subsection include the specific reason
2 or reasons for the decision and inform the applicant of the right to appeal and the
3 procedure for requesting an appeal.

4 ~~For the purpose of this subsection, the municipal officers may set off or otherwise treat as~~
5 ~~available benefits provided to an applicant under chapter 907 when determining if the~~
6 ~~applicant is able to contribute to the public charges.~~

7 **Sec. A-9. 36 MRSA §841, sub-§4**, as amended by PL 2005, c. 218, §10, is
8 further amended to read:

9 **4. Veteran's widow or widower or minor child.** Notwithstanding failure to
10 comply with section 706 ~~or section 1181~~, the assessors, on written application within one
11 year from the date of commitment, may make such abatement as they think proper in the
12 case of the unremarried widow or widower or the minor child of a veteran, if the widow,
13 widower or child would be entitled to an exemption under section 653, subsection 1,
14 paragraph D, except for ~~her or his~~ the failure of the widow, widower or child to make
15 application and file proof within the time set by section 653, subsection 1, paragraph G,
16 ~~provided that~~ if the veteran died during the 12-month period preceding the April 1st for
17 which the tax was committed.

18 **Sec. A-10. 36 MRSA §1752, sub-§2-D**, as enacted by PL 2007, c. 658, §1, is
19 repealed.

20 **Sec. A-11. 36 MRSA §1752, sub-§2-E**, as enacted by PL 2007, c. 658, §2, is
21 repealed.

22 **Sec. A-12. 36 MRSA §1752, sub-§6-A**, as amended by PL 2007, c. 627, §41, is
23 repealed and the following enacted in its place:

24 **6-A. Manufacturing facility.** "Manufacturing facility" means a site at which are
25 located machinery and equipment used directly and primarily in either:

26 A. The production of tangible personal property intended to be sold or leased
27 ultimately for final use or consumption; or

28 B. The production of tangible personal property pursuant to a contract with the
29 Federal Government or any agency of the Federal Government.

30 "Manufacturing facility" includes the machinery and equipment and all machinery,
31 equipment, structures and facilities located at the site and used in support of production or
32 associated with the production. "Manufacturing facility" does not include a site at which
33 a retailer is primarily engaged in making retail sales of tangible personal property that is
34 not produced by the retailer.

35 **Sec. A-13. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2011, c. 211, §22,
36 is further amended to read:

37 B. "Sale price" does not include:

38 (1) Discounts allowed and taken on sales;

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

29 **Sec. A-14. 36 MRSA §1760, sub-§9**, as amended by PL 2011, c. 670, §1, is
30 further amended to read:

31 **9. Coal, oil and wood.** Coal, oil, wood and all other fuels, except gas and
32 electricity, when bought for cooking and heating in buildings designed and used for both
33 human habitation and sleeping. ~~Kerosene~~ The sale of kerosene or home heating oil that is
34 prepackaged or dispensed from a tank for retail sale in ~~containers~~ a container with a
35 capacity of 5 gallons or less, ~~or the sale of any amount of wood pellets or any 100%~~
36 compressed wood product intended for use in a wood stove or fireplace, or of any amount
37 of firewood, is presumed to meet the requirements of this subsection when the product is
38 received by the purchaser at the retail location. Until September 30, 2013, a purchase of
39 1,000 pounds or less of wood pellets or of any 100% compressed wood product intended
40 for use in a wood stove or fireplace is presumed to meet the requirements of this

1 subsection. ~~Beginning October 1, 2013, a purchase of any amount of wood pellets is~~
2 ~~presumed to meet the requirements of this subsection. A purchase of less than one cord~~
3 ~~of wood is presumed to meet the requirements of this subsection. For purposes of this~~
4 ~~subsection, "cord" has the same meaning as in Title 10, section 2302, subsection 1.~~

5 **Sec. A-15. 36 MRSA §1760, sub-§18-A**, as amended by PL 1975, c. 293, §4 and
6 PL 2003, c. 689, Pt. B, §6, is further amended to read:

7 **18-A. Certain residential child care facilities.** Sales to incorporated private
8 nonprofit residential child ~~earing institutions which~~ care facilities that are licensed by the
9 Department of Health and Human Services as child ~~earing institutions~~ care facilities.

10 **Sec. A-16. 36 MRSA §1760, sub-§23-C, ¶A**, as amended by PL 2013, c. 86, §2
11 and affected by §5, is repealed and the following enacted in its place:

12 A. Motor vehicles other than those that are being leased for a period of less than one
13 year;

14 **Sec. A-17. 36 MRSA §1760, sub-§23-C, ¶E**, as enacted by PL 1999, c. 759, §2
15 and affected by §5, is amended to read:

16 E. Camper trailers, including truck campers, other than those that are being leased
17 for a period of less than one year.

18 **Sec. A-18. 36 MRSA §1760, sub-§25, ¶C**, as enacted by PL 2009, c. 620, §1
19 and affected by §2, is amended to read:

20 C. If, for a purpose other than temporary storage, a watercraft is present in ~~the~~ this
21 State for more than 30 days during the 12-month period following its date of
22 purchase, the exemption is applies only to 60% of the sale price of the watercraft or
23 materials for the construction, repair, alteration, refitting, reconstruction, overhaul or
24 restoration of the watercraft, as specified in paragraph A.

25 **Sec. A-19. 36 MRSA §1760, sub-§43**, as amended by PL 1983, c. 828, §6, is
26 further amended to read:

27 **43. Child care facilities.** Sales to licensed, incorporated nonprofit ~~nursery schools~~
28 ~~and day-care centers~~ child care facilities.

29 **Sec. A-20. 36 MRSA §1760, sub-§44**, as reallocated by PL 1983, c. 562, is
30 amended to read:

31 **44. Certain church-affiliated residential homes.** Sales to ~~any church-affiliated an~~
32 incorporated, church-affiliated nonprofit organization ~~which that~~ operates, under a charter
33 granted by the Legislature, a residential home for adults.

34 **Sec. A-21. 36 MRSA §1760, sub-§54**, as amended by PL 2001, c. 396, §23 and
35 PL 2003, c. 689, Pt. B, §6, is further amended to read:

36 **54. SNAP and WIC purchases.** Sales of items purchased with ~~federal food stamps~~
37 instruments distributed by the Department of Health and Human Services pursuant to the

1 Supplemental Nutrition Assistance Program or the Women, Infants and Children, WIC,
2 Special Supplemental Food Program food instruments distributed by the Department of
3 Health and Human Services.

4 **Sec. A-22. 36 MRSA §1760, sub-§73**, as enacted by PL 1989, c. 871, §15, is
5 amended to read:

6 **73. Seedlings for commercial forestry use.** Sales of tree seedlings for use in
7 commercial forestry. ~~This subsection takes effect September 1, 1990.~~

8 **Sec. A-23. 36 MRSA §1764**, as amended by PL 2013, c. 331, Pt. C, §9, is further
9 amended to read:

10 **§1764. Tax against certain casual sales**

11 The tax imposed by this Part must be levied upon all casual rentals of living quarters
12 in a hotel, rooming house, tourist camp or trailer camp and upon all casual sales involving
13 the sale of trailers, truck campers, motor vehicles, special mobile equipment, watercraft
14 or aircraft unless the property is sold for resale at retail sale or to a corporation,
15 partnership, trust, limited liability company or limited liability partnership when the seller
16 is the owner of 50% or more of the common stock of the corporation or of the ownership
17 interests in the partnership, trust, limited liability company or limited liability partnership.
18 This section does not apply to the rental of living quarters rented for a total of fewer than
19 15 days in the calendar year, except that a person who owns and offers for rental more
20 than one property in the State during the calendar year is liable for collecting sales tax
21 with respect to the rental of each unit regardless of the number of days for which it is
22 rented. For purposes of this section, "special mobile equipment" does not include farm
23 tractors and lumber harvesting vehicles or loaders.

24 **Sec. A-24. 36 MRSA §1811, 3rd ¶**, as repealed and replaced by PL 2003, c. 510,
25 Pt. C, §12 and affected by §13, is amended to read:

26 ~~Rental~~ The value of the rental or lease of an automobile for one year or more must be
27 ~~taxed at the time of the lease or rental transaction at 5% of~~ is the following: the total
28 monthly lease payment multiplied by the number of payments in the lease or rental, the
29 amount of equity involved in any trade-in and the value of any cash down payment.
30 Collection and remittance of the tax is the responsibility of the person that negotiates the
31 lease transaction with the lessee.

32 **Sec. A-25. 36 MRSA §1812, sub-§1**, as amended by PL 2013, c. 368, Pt. M, §3,
33 is further amended to read:

34 **1. Computation.** Every retailer shall add the sales tax imposed by chapters 211 to
35 225, or the average equivalent of that tax, to ~~his~~ the sale price, except as otherwise
36 provided, and when added the tax ~~shall constitute~~ constitutes a part of the price, ~~shall be~~
37 is a debt of the purchaser to the retailer until paid and ~~shall be~~ is recoverable at law in the
38 same manner as the purchase price. When the sale price ~~shall involve~~ involves a fraction
39 of a dollar, the ~~tax retailer shall be added~~ add the tax to the sale price upon the following
40 schedules:

1	A-1. If the tax rate is 5%:	
2	Amount of Sale Price	Amount of Tax
3	\$0.01 to \$0.10, inclusive	0¢
4	.11 to .20, inclusive	1¢
5	.21 to .40, inclusive	2¢
6	.41 to .60, inclusive	3¢
7	.61 to .80, inclusive	4¢
8	.81 to 1.00, inclusive	5¢

9	A-2. If the tax rate is 5 1/2%:	
10	Amount of Sale Price	Amount of Tax
11	\$0.01 to \$0.09, inclusive	0¢
12	.10 to .18, inclusive	1¢
13	.19 to .36, inclusive	2¢
14	.37 to .54, inclusive	3¢
15	.55 to .72, inclusive	4¢
16	.73 to .90, inclusive	5¢
17	.91 to 1.09, inclusive	6¢
18	1.10 to 1.27, inclusive	7¢
19	1.28 to 1.45, inclusive	8¢
20	1.46 to 1.63, inclusive	9¢
21	1.64 to 1.81, inclusive	10¢
22	1.82 to 2.00, inclusive	11¢

23	B. If the tax rate is 7%:	
24	Amount of Sale Price	Amount of Tax
25	\$0.01 to \$0.07, inclusive	0¢
26	.08 to .21, inclusive	1¢
27	.22 to .35, inclusive	2¢
28	.36 to .49, inclusive	3¢
29	.50 to .64, inclusive	4¢
30	.65 to .78, inclusive	5¢
31	.79 to .92, inclusive	6¢
32	.93 to 1.00, inclusive	7¢

33	D. If the tax rate is 10%:	
34	Amount of Sale Price	Amount of Tax
35	\$0.01 to \$0.10, inclusive	0¢
36	.11 to .20, inclusive	2¢
37	.21 to .40, inclusive	4¢
38	.41 to .60, inclusive	6¢
39	.61 to .80, inclusive	8¢
40	.81 to 1.00, inclusive	10¢

41 E. If the tax rate is 8%:

1	Amount of Sale Price	Amount of Tax
2	\$0.01 to \$0.06, inclusive	0¢
3	.07 to .13, inclusive	1¢
4	.14 to .25, inclusive	2¢
5	.26 to .38, inclusive	3¢
6	.39 to .50, inclusive	4¢
7	.51 to .63, inclusive	5¢
8	.64 to .75, inclusive	6¢
9	.76 to .88, inclusive	7¢
10	.89 to 1.00, inclusive	8¢

11 When the sale price exceeds \$1, the tax to be added to the price ~~shall be~~ is the scheduled
12 amount for each whole dollar plus the scheduled amount for each fractional part of \$1.

13 **Sec. A-26. 36 MRSA §2012**, as amended by PL 1967, c. 88, is repealed and the
14 following enacted in its place:

15 **§2012. Refund of sales tax on goods removed from State**

16 A business that operates both within and without this State may request a refund of
17 Maine sales tax paid at the time of purchase on tangible personal property that is placed
18 in inventory in this State and subsequently withdrawn from inventory for:

19 **1. Use outside the State.** Use at a fixed location of the business in another taxing
20 jurisdiction;

21 **2. Fabrication, attachment or incorporation outside the State.** Fabrication,
22 attachment or incorporation into other tangible personal property for use at a fixed
23 location of the business in another taxing jurisdiction; or

24 **3. Incorporation into real property.** Incorporation into real property located in
25 another taxing jurisdiction.

26 In order to be eligible for the refund, the tangible personal property on which sales
27 tax was paid may not be used by the business prior to its withdrawal from inventory for
28 any purpose other than storage or the fabrication, attachment or incorporation described
29 in subsection 2. The business must also maintain inventory records by which the
30 acquisition and disposition of such tangible personal property may be traced. A refund
31 may not be made when the taxing jurisdiction to which the tangible personal property is
32 removed levies a sales or use tax. Refunds under this section must be requested in
33 accordance with section 2011.

34 **Sec. A-27. 36 MRSA §2019**, as enacted by PL 2007, c. 658, §3, is repealed.

35 **Sec. A-28. 36 MRSA §2521-A, first ¶**, as repealed and replaced by PL 2007, c.
36 627, §54 and affected by §96, is amended to read:

37 Every insurance company, association, producer or attorney-in-fact of a reciprocal
38 insurer subject to the tax imposed by this chapter shall make payment of estimated tax on

1 or before the last day of each April, the 25th day of each June and the last day of each
2 October file with the State Tax Assessor, on forms prescribed by the assessor, a return for
3 the quarter ending on the last day of the preceding calendar month, except for the return
4 due on the 25th day of June, which is for the quarter ending June 30th. A final return
5 must be filed on or before March 15th, covering the prior calendar year. The 3 quarterly
6 returns may be on an estimated basis, as long as each Each April and June installment
7 equals estimated tax payment must equal 35% of the total tax paid for the preceding
8 calendar year or at least 35% of the total tax to be paid for the current calendar year and
9 each October ~~installment equals estimated tax payment must equal~~ 15% of the total tax
10 paid for the preceding calendar year or at least 15% of the total tax to be paid for the
11 current calendar year. A final return must be filed on or before March 15th covering the
12 prior calendar year.

13 **Sec. A-29. 36 MRSA §2551, sub-§10**, as amended by PL 2013, c. 331, Pt. C,
14 §12, is further amended to read:

15 **10. Private nonmedical institution or personal care home.** "Private nonmedical
16 institution or personal ~~home~~ care home" means a person licensed by the Department of
17 Health and Human Services to provide private nonmedical institution or personal ~~home~~
18 care home services to 4 or more MaineCare-eligible and other residents in single or
19 multiple facilities under a written agreement with the Department of Health and Human
20 Services. "Private nonmedical institution or personal ~~home~~ care home" does not include
21 a health insurance organization, hospital, nursing home or community health care center.

22 **Sec. A-30. 36 MRSA §2551, sub-§11**, as amended by PL 2013, c. 331, Pt. C,
23 §13, is further amended to read:

24 **11. Private nonmedical institution or personal care home services.** "Private
25 nonmedical institution or personal ~~home~~ care home services" means services, including
26 food, shelter and treatment, that are provided by a private nonmedical institution or
27 personal ~~home~~ care home.

28 **Sec. A-31. 36 MRSA §2552, sub-§1, ¶G**, as amended by PL 2013, c. 331, Pt. C,
29 §14, is further amended to read:

30 G. Private nonmedical institution or personal ~~home~~ care home services;

31 **Sec. A-32. 36 MRSA §2556, sub-§5**, as enacted by PL 2003, c. 673, Pt. V, §25
32 and affected by §29, is repealed.

33 **Sec. A-33. 36 MRSA §2559**, as amended by PL 2011, c. 542, Pt. A, §141, is
34 further amended to read:

35 **§2559. Application of revenues**

36 Revenues derived by the tax imposed by this chapter must be credited to a General
37 Fund suspense account. On or before the last day of each month, the State Controller
38 shall transfer a percentage of the revenues received by the State Tax Assessor during the
39 preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs A
40 to F and L to the Local Government Fund as provided by Title 30-A, section 5681,

1 subsection 5. The balance remaining in the General Fund suspense account must be
2 transferred to service provider tax General Fund revenue. On or before the 15th day of
3 each month, the State Controller shall transfer all revenues received by the assessor
4 during the preceding month pursuant to the tax imposed by section 2552, subsection 1,
5 paragraphs G to J and M to the Medical Care Services Other Special Revenue Funds
6 account, the Other Special Revenue Funds Mental Health Services - Community
7 Medicaid program, the Medicaid Services - Adult Developmental Services program and
8 the Office of Substance Abuse - Medicaid Seed program within the Department of Health
9 and Human Services.

10 **Sec. A-34. 36 MRSA §4362-A, sub-§1**, as enacted by PL 1997, c. 458, §3, is
11 amended to read:

12 **1. Generally.** A distributor doing business in this State shall obtain a license from
13 the assessor. A license must be obtained for each wholesale outlet maintained by the
14 distributor. A distributor's license must be prominently displayed on the premises
15 covered by the license. A distributor's license issued pursuant to this section is not a
16 license within the meaning of that term in the Maine Administrative Procedure Act.

17 **Sec. A-35. 36 MRSA §4402, sub-§1**, as enacted by PL 2005, c. 627, §7, is
18 amended to read:

19 **1. Generally.** Every distributor shall obtain a license from the State Tax Assessor
20 before engaging in business. A retailer required to be licensed as a distributor pursuant to
21 this chapter must also hold a current retail tobacco license issued under Title 22, section
22 1551-A. A distributor's license issued pursuant to this section is not a license within the
23 meaning of that term in the Maine Administrative Procedure Act.

24 **Sec. A-36. 36 MRSA §5102, sub-§8**, as amended by PL 1997, c. 24, Pt. C, §9
25 and affected by §16, is further amended to read:

26 **8. Maine net income.** "Maine net income" means, for any taxable year for any
27 corporate taxpayer, the taxable income of that taxpayer for that taxable year under the
28 laws of the United States as modified by section 5200-A and apportionable to this State
29 under chapter 821. ~~To the extent that it derives from~~ With respect to a unitary business
30 carried on by 2 or more members of an affiliated group, ~~the "Maine net income of a~~
31 ~~corporation is determined by apportioning that part of the federal taxable income of the~~
32 ~~entire group that derives from~~ "Maine net income of a unitary business under
33 the laws of the United States as modified by section 5200-A and apportionable to this
34 State under chapter 821. If a taxable corporation is an S corporation, "Maine net income"
35 means the amount taxable at the federal level pursuant to the Code, Sections 1374 and
36 1375.

37 **Sec. A-37. 36 MRSA §5122, sub-§2, ¶X**, as amended by PL 2013, c. 546, §14,
38 is further amended to read:

39 X. The taxpayer's pro rata share of an amount that was previously added back to
40 federal taxable income pursuant to section 5200-A, subsection 1, paragraph N;
41 section 5200-A, subsection 1, paragraph T; section 5200-A, subsection 1, paragraph

1 Y, subparagraph (2); ~~or~~ section 5200-A, subsection 1, paragraph AA, subparagraph
2 (2); or section 5200-A, subsection 1, paragraph BB by a corporation of which the
3 taxpayer is a shareholder and by which, absent an S corporation election, the
4 corporation could have reduced its federal taxable income for the taxable year
5 pursuant to section 5200-A, subsection 2, paragraph M, R, V ~~or~~ Y or Z;

6 **Sec. A-38. 36 MRSA §5122, sub-§2, ¶BB**, as amended by PL 2011, c. 240, §31,
7 is further amended to read:

8 BB. The amount of pension benefits to the extent included in federal adjusted gross
9 income under a military retirement plan as defined in paragraph M or M-1 that
10 exceed the amount of military retirement plan pension benefits deducted under
11 paragraph M or M-1 and that are received by a person who practices as a licensed
12 dentist in this State for an average of at least 20 hours per week during the tax year
13 and who accepts patients who receive benefits under the MaineCare program
14 administered under Title 22, chapter 855;

15 **Sec. A-39. 36 MRSA §5216-B, sub-§2**, as amended by PL 2013, c. 438, §6, is
16 further amended to read:

17 **2. Credit.** An investor is entitled to a credit against the tax otherwise due under this
18 Part equal to the amount of the tax credit certificate issued by the Finance Authority of
19 Maine in accordance with Title 10, section 1100-T and as limited by this section. Except
20 with respect to tax credit certificates issued under Title 10, section 1100-T, subsection
21 2-C, in the case of partnerships, limited liability companies, S corporations, nontaxable
22 trusts and any other entities that are treated as flow-through entities for tax purposes
23 under the Code, the individual partners, members, stockholders, beneficiaries or equity
24 owners of such entities must be treated as the investors under this section and are allowed
25 a credit against the tax otherwise due from them under this Part in proportion to their
26 respective interests in those partnerships, limited liability companies, S corporations,
27 trusts or other flow-through entities. Except as limited or authorized by subsection 3 or 4,
28 25% of the credit must be taken in the taxable year in which the investment is made and
29 25% per year must be taken in each of the next 3 taxable years. With respect to tax credit
30 certificates issued under Title 10, section 1100-T, subsection 2-C, the credits are fully
31 refundable and the investor ~~may~~ shall file a return requesting a refund for an investment
32 for which it has received a tax credit certificate ~~on or after January 1st of~~ in the calendar
33 year ~~after~~ following the calendar year ~~in~~ during which the investment was made.

34 **PART B**

35 **Sec. B-1. 25 MRSA §1542-A, sub-§1, ¶I**, as amended by PL 2013, c. 546, §2, is
36 further amended to read:

37 I. Who is a prospective adoptive parent not the biological parent as required under
38 Title 18-A, section 9-304, subsection (a-1); ~~or~~

39 **Sec. B-2. 25 MRSA §1542-A, sub-§1, ¶J**, as enacted by PL 2013, c. 546, §3, is
40 amended to read:

1 J. Who has applied for employment with the Department of Administrative and
2 Financial Services, Bureau of Revenue Services and whose fingerprints have been
3 required by the State Tax Assessor pursuant to Title 36, section 194-B;

4 **Sec. B-3. 25 MRSA §1542-A, sub-§1, ¶¶K and L** are enacted to read:

5 K. Who has applied for employment with the Department of Administrative and
6 Financial Services, Bureau of Revenue Services, Office of Tax Policy and whose
7 fingerprints have been required by the Associate Commissioner for Tax Policy
8 pursuant to Title 36, section 194-B; or

9 L. Who is assigned to provide services to the Department of Administrative and
10 Financial Services, Bureau of Revenue Services pursuant to a contract or subcontract
11 for services to the bureau and whose fingerprints have been required by the State Tax
12 Assessor pursuant to Title 36, section 194-C.

13 **Sec. B-4. 25 MRSA §1542-A, sub-§3, ¶K** is enacted to read:

14 K. The State Police shall take or cause to be taken the fingerprints of the person
15 named in subsection 1, paragraph L at the request of that person and upon payment of
16 the expenses by the Department of Administrative and Financial Services, Bureau of
17 Revenue Services as required by Title 36, section 194-C, subsection 2.

18 **Sec. B-5. 25 MRSA §1542-A, sub-§4**, as amended by PL 2013, c. 546, §5, is
19 further amended to read:

20 **4. Duty to submit to State Bureau of Identification.** It is the duty of the law
21 enforcement agency taking the fingerprints as required by subsection 3, paragraphs A, B
22 and G to transmit immediately to the State Bureau of Identification the criminal
23 fingerprint record. Fingerprints taken pursuant to subsection 1, paragraph C, D, E or F
24 pursuant to subsection 5 may not be submitted to the State Bureau of Identification unless
25 an express request is made by the commanding officer of the State Bureau of
26 Identification. Fingerprints taken pursuant to subsection 1, paragraph G must be
27 transmitted immediately to the State Bureau of Identification to enable the bureau to
28 conduct state and national criminal history record checks for the Department of
29 Education. The bureau may not use the fingerprints for any purpose other than that
30 provided for under Title 20-A, section 6103. The bureau shall retain the fingerprints,
31 except as provided under Title 20-A, section 6103, subsection 9. Fingerprints taken
32 pursuant to subsection 1, paragraph I and subsection 3, paragraph I must be transmitted
33 immediately to the State Bureau of Identification to enable the bureau to conduct state
34 and national criminal history record checks for the court and the Department of Public
35 Safety, Gambling Control Board, respectively. Fingerprints taken pursuant to subsection
36 1, paragraph J, K or L must be transmitted immediately to the State Bureau of
37 Identification to enable the bureau to conduct state and national criminal history record
38 checks for the Department of Administrative and Financial Services, Bureau of Revenue
39 Services.

40 **Sec. B-6. 36 MRSA §194-B, first ¶**, as enacted by PL 2013, c. 546, §7, is
41 amended to read:

1 As part of the process of evaluating an applicant for employment with the bureau ~~on~~
2 ~~or after January 1, 2015~~, the assessor shall perform a national criminal history record
3 check in accordance with this section, except the Associate Commissioner for Tax Policy
4 shall perform a national criminal history record check for an applicant for employment
5 with the Office of Tax Policy.

6 **Sec. B-7. 36 MRSA §194-B, sub-§1**, as enacted by PL 2013, c. 546, §7, is
7 amended to read:

8 **1. Criminal history record information obtained from the Federal Bureau of**
9 **Investigation.** The assessor shall obtain national criminal history record information
10 from the Federal Bureau of Investigation for any person not then employed with the
11 Bureau of Revenue Services who has applied for and may be offered employment, except
12 that for a person who has applied for and may be offered employment with the bureau's
13 Office of Tax Policy, the Associate Commissioner for Tax Policy shall obtain the national
14 criminal history record information.

15 **Sec. B-8. 36 MRSA §194-B, sub-§3**, as enacted by PL 2013, c. 546, §7, is
16 amended to read:

17 **3. Confidentiality.** All information obtained by the assessor or the Associate
18 Commissioner for Tax Policy pursuant to this section is confidential and not a public
19 record pursuant to Title 1, chapter 13.

20 **Sec. B-9. 36 MRSA §194-C** is enacted to read:

21 **§194-C. National criminal history record information of providers of contract**
22 **services**

23 The assessor shall perform a national criminal history record check of all the bureau's
24 contractors and their respective employees, subcontractors and subcontractors' employees
25 who provide services to the bureau under an identified contract. For purposes of this
26 section, "identified contract" means a contract that the assessor determines involves
27 access or the substantial possibility of access to the bureau's information technology
28 systems or to confidential taxpayer information.

29 **1. Criminal history record information obtained from the Federal Bureau of**
30 **Investigation.** The assessor shall obtain national criminal history record information
31 from the Federal Bureau of Investigation for any individual who provides or is assigned
32 to provide services to the Bureau of Revenue Services pursuant to an identified contract.

33 **2. Fingerprinting.** An individual who is assigned to provide services to the Bureau
34 of Revenue Services pursuant to an identified contract must consent to having
35 fingerprints taken for use in accordance with this section before the individual may
36 provide these services. The State Police shall take or cause to be taken the individual's
37 fingerprints and shall forward the fingerprints to the Department of Public Safety, State
38 Bureau of Identification so that the State Bureau of Identification can conduct the state
39 and national criminal history record checks. The State Police may charge the Bureau of
40 Revenue Services for the expenses incurred in processing state and national criminal

1 history record checks. The full fee charged under this subsection must be deposited in a
2 dedicated revenue account for the State Bureau of Identification with the purpose of
3 paying costs associated with the maintenance and replacement of its criminal history
4 record systems.

5 **3. Confidentiality.** All information obtained by the assessor pursuant to this section
6 is confidential and not a public record pursuant to Title 1, chapter 13.

7 **4. Individual's access to criminal history record information.** The Bureau of
8 Revenue Services shall provide an individual who provides fingerprints pursuant to
9 subsection 2 with access to information obtained pursuant to this section, if requested, by
10 providing a paper copy of the criminal history record information directly to the
11 individual, but only after the Bureau of Revenue Services confirms that the individual is
12 the subject of the record. In addition, the Bureau of Revenue Services shall publish
13 guidance on requesting such information from the Federal Bureau of Investigation.

14 **5. Application to other state agencies.** This section does not apply to services
15 provided by another agency of this State.

16 **Sec. B-10. Effective date.** That section of this Part that enacts the Maine Revised
17 Statutes, Title 36, section 194-C takes effect March 1, 2016.

18 SUMMARY

19 Part A makes the following changes to the State's tax laws.

20 1. It requires qualified community development entities to notify the Department of
21 Administrative and Financial Services, Bureau of Revenue Services when a qualified
22 equity investment has been transferred. A transfer of the qualified equity investment
23 affects who is eligible to claim a tax credit under the Maine New Markets Capital
24 Investment Program in the year of the transfer and in any subsequent year.

25 2. It requires the Finance Authority of Maine to provide the Bureau of Revenue
26 Services with copies of the annual reports currently required of qualified community
27 development entities under the Maine New Markets Capital Investment Program.

28 3. Currently the Department of Inland Fisheries and Wildlife does not collect sales or
29 use tax upon the registration of a snowmobile or all-terrain vehicle by a person who is not
30 a resident of Maine. This bill repeals that provision of the law.

31 4. It repeals a provision allowing for the disclosure of benefit information under the
32 Circuitbreaker Program to a representative of a municipality that has adopted a municipal
33 property tax assistance program since no benefits are allowed under the Circuitbreaker
34 Program for claims filed on or after August 1, 2013.

35 5. It authorizes disclosure to a Pine Tree Development Zone business of otherwise
36 confidential tax information of a contractor or subcontractor that had assigned its claim to
37 the business for sales or use tax reimbursement.

- 1 6. It clarifies that the State Tax Assessor may require unemployment compensation
2 returns to be filed electronically. The Bureau of Revenue Services processes these
3 returns and associated payments for the Department of Labor.
- 4 7. It repeals an obsolete reference to the Circuitbreaker Program in the property tax
5 abatement law.
- 6 8. It strikes an erroneous reference in the property tax abatement law to a provision
7 that mandates that the Commissioner of Agriculture, Conservation and Forestry, and
8 other state officers, must provide the State Tax Assessor with information necessary for
9 the valuing of land in the unorganized territory; the mandate has no relationship to the
10 abatement of Maine property taxes.
- 11 9. It repeals definitions of 2 terms that are no longer used in the sales tax law: "forest
12 land" and "forest products."
- 13 10. It clarifies the definition of "manufacturing facility" in the sales tax law.
- 14 11. It consolidates and simplifies the list of exclusions from the definition of "sale
15 price" under the sales tax law by repealing references to 4 separate fees imposed by the
16 State and enacting a general exclusion for any charge or fee imposed by state law.
- 17 12. It simplifies the sales tax exemption for coal, oil and wood.
- 18 13. It updates language with respect to the sales tax exemption for residential child
19 care facilities so that it is consistent with the terminology employed by the Department of
20 Health and Human Services.
- 21 14. It clarifies that the "immediate removal" sales tax exemption with respect to
22 certain vehicles purchased or leased by nonresidents does not apply to any motor vehicle
23 that is being leased on a short-term basis. Under current law, the exemption does not
24 apply to an automobile that is being leased on a short-term basis.
- 25 15. It clarifies that the "immediate removal" sales tax exemption does not apply to a
26 camper trailer or truck camper that is being leased on a short-term basis.
- 27 16. It clarifies existing language with respect to the partial sales tax exemption for
28 certain watercraft purchased in Maine.
- 29 17. It updates language with respect to the sales tax exemption for child care
30 facilities so that it is consistent with the terminology employed by the Department of
31 Health and Human Services.
- 32 18. It updates the sales tax exemption for church-affiliated residential homes to
33 delete obsolete language regarding charters granted by the Legislature.
- 34 19. It updates the sales tax exemption for food assistance purchases to include
35 supplemental nutrition assistance program purchases and to delete an obsolete reference
36 to food stamps.

- 1 20. It deletes obsolete language regarding the effective date of the sales tax
2 exemption for tree seedlings used in commercial forestry.
- 3 21. It amends the sales tax imposed on certain casual sales to clarify that the tax does
4 not apply to a sale made to a trust when the seller is the owner of 50% or more of the
5 ownership interests in the trust. This change extends to trusts the same treatment
6 extended to corporations, partnerships, limited liability companies and limited liability
7 partnerships under current law.
- 8 22. It clarifies the method of calculating the sales tax on the rental or lease of an
9 automobile for one year or more.
- 10 23. It removes gender-specific language.
- 11 24. It makes a minor change to more equitably expand the sales tax refund provision
12 for certain items withdrawn from inventory for use in another jurisdiction.
- 13 25. It repeals an obsolete sales tax refund provision that was in effect only for certain
14 purchases made from April 1, 2008 to September 30, 2008.
- 15 26. It clarifies that required quarterly insurance premiums tax payments are
16 estimated payments and not payments made based on quarterly returns. An annual return
17 is required to report the tax liability, and to reconcile estimated tax payments made, for
18 the year.
- 19 27. It replaces the term "personal home care" in the service provider tax law with the
20 term "personal care home" to mirror the term used in the rules of the Department of
21 Health and Human Services.
- 22 28. It repeals the law governing the sourcing of mobile telecommunications services.
23 Mobile telecommunications services are now sourced for state taxation purposes to the
24 state of primary use, in conformity with the federal Mobile Telecommunications Sourcing
25 Act, Public Law 106-252.
- 26 29. It amends the application of revenues provision in the service provider tax in
27 order to add a reference to specify that the tax is imposed on group residential services for
28 persons with brain injuries.
- 29 30. It clarifies that a cigarette distributor's license, like all other licenses and
30 certificates issued by the State Tax Assessor, is not a license within the meaning of that
31 term in the Maine Administrative Procedure Act.
- 32 31. It clarifies that a tobacco products distributor's license, like all other licenses and
33 certificates issued by the State Tax Assessor, is not a license within the meaning of that
34 term in the Maine Administrative Procedure Act.
- 35 32. It clarifies that the Maine net income of a unitary business is determined in the
36 same way that it is for a taxable corporation that is not a member of a unitary business.
37 Maine net income in both cases is calculated on the basis of federal taxable income
38 apportionable to Maine modified by the addition and subtraction modifications provided

1 by Title 36, section 5200-A. The clarification is a technical change and consistent with
2 long-standing administrative procedures and practice.

3 33. It updates references in the statutory provision governing the subtraction
4 modification that allows an individual who is an owner of an electing S corporation to
5 recapture the bonus depreciation add-backs made by the business in prior years when it
6 was treated as a C corporation for federal and Maine income tax purposes. This change
7 reflects long-standing statutory and administrative practice.

8 34. It updates references to the statutory provisions governing the pension deduction
9 in order to reflect recent law changes.

10 35. It clarifies that returns claiming a refundable seed capital credit must be filed the
11 calendar year following the calendar year during which the investment was made.

12 Part B requires the State Tax Assessor to obtain national criminal history record
13 information from the Federal Bureau of Investigation for any person who provides or is
14 assigned to provide services to the Department of Administrative and Financial Services,
15 Bureau of Revenue Services under a contract or subcontract that the assessor determines
16 involves access or a substantial possibility of access to the bureau's information
17 technology systems or to confidential taxpayer information. An individual who is
18 assigned to provide services to the bureau pursuant to such a contract must consent to
19 having fingerprints taken for purposes of a background check before the individual may
20 provide such services.

21 This Part also brings applicants for employment with the bureau's Office of Tax
22 Policy within the existing background check process required under the Maine Revised
23 Statutes, Title 36, section 194-B.