

MAINE STATE LEGISLATURE

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Date: 2/3/2016

APPROPRIATIONS AND FINANCIAL AFFAIRS

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**STATE OF MAINE
SENATE
127TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 633, L.D. 1583, Bill, "An Act To Provide for Tax Conformity and Funding Methods"

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting the following:

'PART A

Sec. A-1. 36 MRSA §111, sub-§1-A, as amended by PL 2015, c. 1, §1 and affected by §15, is further amended to read:

1-A. Code. "Code" means the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, ~~2014~~ 2015.

Sec. A-2. 36 MRSA §5122, sub-§1, ¶Q, as enacted by PL 2003, c. 20, Pt. II, §2, is repealed.

Sec. A-3. 36 MRSA §5122, sub-§1, ¶II, as corrected by RR 2015, c. 1, §41, is amended to read:

- II. For taxable years beginning in 2014:
 - (1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-MM for that taxable year; and
 - (2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-MM; and

Sec. A-4. 36 MRSA §5122, sub-§1, ¶JJ, as enacted by PL 2015, c. 267, Pt. DD, §8, is amended to read:

COMMITTEE AMENDMENT

R.C.F.S.

1 JJ. For tax years beginning on or after January 1, 2016, an amount equal to the
2 taxpayer base multiplied by the following fraction:

3 (1) For single individuals and married persons filing separate returns, the
4 numerator is the taxpayer's Maine adjusted gross income less \$70,000, except
5 that the numerator may not be less than zero, and the denominator is \$75,000. In
6 no case may the fraction contained in this subparagraph produce a result that is
7 more than one. The \$70,000 amount used to calculate the numerator in this
8 subparagraph must be adjusted for inflation in accordance with section 5403,
9 subsection 3;

10 (2) For individuals filing as heads of households, the numerator is the taxpayer's
11 Maine adjusted gross income less \$105,000, except that the numerator may not
12 be less than zero, and the denominator is \$112,500. In no case may the fraction
13 contained in this subparagraph produce a result that is more than one. The
14 \$105,000 amount used to calculate the numerator in this subparagraph must be
15 adjusted for inflation in accordance with section 5403, subsection 3; or

16 (3) For individuals filing married joint returns or surviving spouses, the
17 numerator is the taxpayer's Maine adjusted gross income less \$140,000, except
18 that the numerator may not be less than zero, and the denominator is \$150,000.
19 In no case may the fraction contained in this subparagraph produce a result that is
20 more than one. The \$140,000 amount used to calculate the numerator in this
21 subparagraph must be adjusted for inflation in accordance with section 5403,
22 subsection 3.

23 For purposes of this paragraph, "taxpayer base" means either the taxpayer's
24 applicable standard deduction amount for the taxable year determined under section
25 5124-B or, if itemized deductions are claimed, the taxpayer's itemized deductions
26 claimed for the taxable year determined under section 5125-; and

27 **Sec. A-5. 36 MRSA §5122, sub-§1, ¶KK** is enacted to read:

28 KK. For taxable years beginning on or after January 1, 2015:

29 (1) An amount equal to the net increase in depreciation attributable to the
30 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
31 with respect to property placed in service in the State during the taxable year for
32 which a credit is claimed under section 5219-NN for that taxable year; and

33 (2) An amount equal to the net increase in depreciation attributable to the
34 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
35 with respect to property for which a credit is not claimed under section 5219-NN.

36 **Sec. A-6. 36 MRSA §5122, sub-§2, ¶MM**, as amended by PL 2015, c. 1, §6, is
37 further amended to read:

38 MM. For taxable years beginning on or after January 1, 2014, an amount equal to the
39 net increase in the depreciation deduction allowable under the Code, Sections 167
40 and 168 that would have been applicable to that property had the depreciation
41 deduction under the Code, Section 168(k) not been claimed with respect to such
42 property placed in service during the taxable year beginning in 2013 for which an

2015

1 addition was required under subsection 1, paragraph HH, subparagraph (2) for the
2 taxable year beginning in 2013.

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

9 The total amount of subtraction claimed under this paragraph for all tax years may
10 not exceed the addition modification under subsection 1, paragraph HH,
11 subparagraph (2) for the same property; ~~and~~

12 **Sec. A-7. 36 MRSA §5122, sub-§2, ¶NN**, as enacted by PL 2015, c. 1, §7, is
13 amended to read:

14 NN. For taxable years beginning on or after January 1, 2015, an amount equal to the
15 net increase in the depreciation deduction allowable under the Code, Sections 167
16 and 168 that would have been applicable to that property had the depreciation
17 deduction under the Code, Section 168(k) not been claimed with respect to such
18 property placed in service during the taxable year beginning in 2014 for which an
19 addition was required under subsection 1, paragraph II, subparagraph (2) for the
20 taxable year beginning in 2014.

21 Upon the taxable disposition of property to which this paragraph applies, the amount
22 of any gain or loss includable in federal adjusted gross income must be adjusted for
23 Maine income tax purposes by an amount equal to the difference between the
24 addition modification for such property under subsection 1, paragraph II,
25 subparagraph (2) and the subtraction modifications allowed pursuant to this
26 paragraph.

27 The total amount of subtraction claimed under this paragraph for all tax years may
28 not exceed the addition modification under subsection 1, paragraph II, subparagraph
29 (2) for the same property; and

30 **Sec. A-8. 36 MRSA §5122, sub-§2, ¶OO** is enacted to read:

31 OO. For taxable years beginning on or after January 1, 2016, an amount equal to the
32 net increase in the depreciation deduction allowable under the Code, Sections 167
33 and 168 that would have been applicable to that property had the depreciation
34 deduction under the Code, Section 168(k) not been claimed with respect to such
35 property placed in service during the taxable year for which an addition was required
36 under subsection 1, paragraph KK, subparagraph (2) for the taxable year.

37 Upon the taxable disposition of property to which this paragraph applies, the amount
38 of any gain or loss includable in federal adjusted gross income must be adjusted for
39 Maine income tax purposes by an amount equal to the difference between the
40 addition modification for such property under subsection 1, paragraph KK,
41 subparagraph (2) and the subtraction modifications allowed pursuant to this
42 paragraph.

1 The total amount of subtraction claimed under this paragraph for all tax years may
2 not exceed the addition modification under subsection 1, paragraph KK,
3 subparagraph (2) for the same property.

4 **Sec. A-9. 36 MRSA §5200-A, sub-§1, ¶AA**, as amended by PL 2015, c. 1, §9,
5 is further amended to read:

6 AA. For taxable years beginning in 2013:

7 (1) An amount equal to the net increase in depreciation attributable to the
8 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
9 with respect to property placed in service in the State during the taxable year for
10 which a credit is claimed under section 5219-JJ for that taxable year; and

11 (2) An amount equal to the net increase in depreciation attributable to the
12 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
13 with respect to property for which a credit is not claimed under section 5219-JJ;
14 and

15 **Sec. A-10. 36 MRSA §5200-A, sub-§1, ¶BB**, as enacted by PL 2015, c. 1, §10,
16 is amended to read:

17 BB. For taxable years beginning in 2014:

18 (1) An amount equal to the net increase in depreciation attributable to the
19 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
20 with respect to property placed in service in the State during the taxable year for
21 which a credit is claimed under section 5219-MM for that taxable year; and

22 (2) An amount equal to the net increase in depreciation attributable to the
23 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
24 with respect to property for which a credit is not claimed under section
25 5219-MM; and

26 **Sec. A-11. 36 MRSA §5200-A, sub-§1, ¶CC** is enacted to read:

27 CC. For taxable years beginning on or after January 1, 2015:

28 (1) An amount equal to the net increase in depreciation attributable to the
29 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
30 with respect to property placed in service in the State during the taxable year for
31 which a credit is claimed under section 5219-NN for that taxable year; and

32 (2) An amount equal to the net increase in depreciation attributable to the
33 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
34 with respect to property for which a credit is not claimed under section 5219-NN.

35 **Sec. A-12. 36 MRSA §5200-A, sub-§2, ¶Y**, as amended by PL 2015, c. 1, §12,
36 is further amended to read:

37 Y. For taxable years beginning on or after January 1, 2014, an amount equal to the
38 net increase in the depreciation deduction allowable under the Code, Sections 167
39 and 168 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

1 property placed in service during the taxable year beginning in 2013 for which an
2 addition was required under subsection 1, paragraph AA, subparagraph (2) for the
3 taxable year beginning in 2013.

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

9 The total amount of subtraction claimed under this paragraph for all tax years may
10 not exceed the addition modification under subsection 1, paragraph AA,
11 subparagraph (2) for the same property; and

12 **Sec. A-13. 36 MRSA §5200-A, sub-§2, ¶Z**, as enacted by PL 2015, c. 1, §13, is
13 amended to read:

14 Z. For taxable years beginning on or after January 1, 2015, an amount equal to the
15 net increase in the depreciation deduction allowable under the Code, Sections 167
16 and 168 that would have been applicable to that property had the depreciation
17 deduction under the Code, Section 168(k) not been claimed with respect to such
18 property placed in service during the taxable year beginning in 2014 for which an
19 addition was required under subsection 1, paragraph BB, subparagraph (2) for the
20 taxable year beginning in 2014.

21 Upon the taxable disposition of property to which this paragraph applies, the amount
22 of any gain or loss includable in federal taxable income must be adjusted for Maine
23 income tax purposes by an amount equal to the difference between the addition
24 modification for such property under subsection 1, paragraph BB, subparagraph (2)
25 and the subtraction modifications allowed pursuant to this paragraph.

26 The total amount of subtraction claimed under this paragraph for all tax years may
27 not exceed the addition modification under subsection 1, paragraph BB, subparagraph
28 (2) for the same property; and

29 **Sec. A-14. 36 MRSA §5200-A, sub-§2, ¶AA** is enacted to read:

30 AA. For taxable years beginning on or after January 1, 2016, an amount equal to the
31 net increase in the depreciation deduction allowable under the Code, Sections 167
32 and 168 that would have been applicable to that property had the depreciation
33 deduction under the Code, Section 168(k) not been claimed with respect to such
34 property placed in service during the taxable year for which an addition was required
35 under subsection 1, paragraph CC, subparagraph (2) for the taxable year.

36 Upon the taxable disposition of property to which this paragraph applies, the amount
37 of any gain or loss includable in federal taxable income must be adjusted for Maine
38 income tax purposes by an amount equal to the difference between the addition
39 modification for such property under subsection 1, paragraph CC, subparagraph (2)
40 and the subtraction modifications allowed pursuant to this paragraph.

41 The total amount of subtraction claimed under this paragraph for all tax years may
42 not exceed the addition modification under subsection 1, paragraph CC, subparagraph
43 (2) for the same property.

1 **Sec. A-15. 36 MRSA §5219-NN** is enacted to read:

2 **§5219-NN. Maine capital investment credit for 2015 and after**

3 **1. Credit allowed.** A taxpayer that claims a depreciation deduction under the Code,
4 Section 168(k) for property placed in service in the State during a taxable year that begins
5 on or after January 1, 2015 is allowed a credit as follows:

6 A. A taxable corporation is allowed a credit against the taxes imposed by this Part in
7 an amount equal to 9% of the amount of the net increase in the depreciation
8 deduction reported as an addition to income for the taxable year under section
9 5200-A, subsection 1, paragraph CC, subparagraph (1) with respect to that property,
10 except for excluded property under subsection 2; or

11 B. An individual is allowed a credit against the taxes imposed by this Part in an
12 amount equal to:

13 (1) For taxable years beginning in 2015, 8% of the amount of the net increase in
14 the depreciation deduction reported as an addition to income for the taxable year
15 under section 5122, subsection 1, paragraph KK, subparagraph (1) with respect to
16 that property, except for excluded property under subsection 2; and

17 (2) For taxable years beginning on or after January 1, 2016, 7% of the amount of
18 the net increase in the depreciation deduction reported as an addition to income
19 for the taxable year under section 5122, subsection 1, paragraph KK,
20 subparagraph (1) with respect to that property, except for excluded property
21 under subsection 2.

22 **2. Certain property excluded.** The following property is not eligible for the credit
23 under this section:

24 A. Property owned by a public utility as defined by Title 35-A, section 102,
25 subsection 13;

26 B. Property owned by a person that provides radio paging services as defined by
27 Title 35-A, section 102, subsection 15;

28 C. Property owned by a person that provides mobile telecommunications services as
29 defined by Title 35-A, section 102, subsection 9-A;

30 D. Property owned by a cable television company as defined by Title 30-A, section
31 2001, subsection 2;

32 E. Property owned by a person that provides satellite-based direct television
33 broadcast services;

34 F. Property owned by a person that provides multichannel, multipoint television
35 distribution services; and

36 G. Property that is not in service in the State for the entire 12-month period
37 following the date it is placed in service in the State.

38 **3. Limitations; carry-forward.** The credit allowed under subsection 1 may not
39 reduce the tax otherwise due under this Part to less than zero. Any unused portion of the

7006

1 credit may be carried forward to the following year or years for a period not to exceed 20
2 years.

3 4. Recapture. The credit allowed under this section must be fully recaptured to the
4 extent claimed by the taxpayer if the property forming the basis of the credit is not used
5 in the State for the entire 12-month period following the date it is placed in service in the
6 State. The credit must be recaptured by filing an amended return in accordance with
7 section 5227-A for the tax year in which that property was used to calculate the credit
8 under this section. The amended return must reflect the credit disallowed and the income
9 modifications required by section 5122, subsection 1, paragraph KK and section 5200-A,
10 subsection 1, paragraph CC with respect to that property.

11 **Sec. A-16. Application.** That section of this Part that amends the Maine Revised
12 Statutes, Title 36, section 111, subsection 1-A applies to tax years beginning on or after
13 January 1, 2015 and to any prior tax years as specifically provided by the United States
14 Internal Revenue Code of 1986 and amendments to that Code as of December 31, 2015.
15 That section of this Part that repeals the Maine Revised Statutes, Title 36, section 5122,
16 subsection 1, paragraph Q applies to tax years beginning on or after January 1, 2016.

17 **PART B**

18 **Sec. B-1. Transfer from tax relief fund.** The State Controller shall transfer
19 \$9,535,933 from the Tax Relief Fund for Maine Residents established in the Maine
20 Revised Statutes, Title 5, section 1518-A to the unappropriated surplus of the General
21 Fund no later June 30, 2016.

22 **PART C**

23 **Sec. C-1. Appropriations and allocations.** The following appropriations and
24 allocations are made.

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

26 **Veterans Tax Reimbursement 0407**

27 Initiative: Adjusts funding based on projected needs.

28	GENERAL FUND	2015-16	2016-17
29	All Other	(\$15,000)	\$0
30			
31	GENERAL FUND TOTAL	<u>(\$15,000)</u>	<u>\$0</u>

32 **ADMINISTRATIVE AND FINANCIAL**
33 **SERVICES, DEPARTMENT OF**
34 **DEPARTMENT TOTALS**

34		2015-16	2016-17
35			

1	GENERAL FUND	(\$15,000)	\$0
2			
3	DEPARTMENT TOTAL - ALL FUNDS	(\$15,000)	\$0

4 **TREASURER OF STATE, OFFICE OF**
 5 **Debt Service - Treasury 0021**
 6 Initiative: Reduces funding for debt service costs.

7	GENERAL FUND	2015-16	2016-17
8	All Other	(\$6,113,120)	\$0
9			
10	GENERAL FUND TOTAL	(\$6,113,120)	\$0

11	TREASURER OF STATE, OFFICE OF		
12	DEPARTMENT TOTALS	2015-16	2016-17
13			
14	GENERAL FUND	(\$6,113,120)	\$0
15			
16	DEPARTMENT TOTAL - ALL FUNDS	(\$6,113,120)	\$0

17	SECTION TOTALS	2015-16	2016-17
18			
19	GENERAL FUND	(\$6,128,120)	\$0
20			
21	SECTION TOTAL - ALL FUNDS	(\$6,128,120)	\$0

22 **PART D**

23 **Sec. D-1. Transfers from available fiscal year 2015-16 Other Special**
 24 **Revenue Funds balances within the Department of Environmental Protection**
 25 **to General Fund.** Notwithstanding any other provision of law, at the close of fiscal
 26 year 2015-16, the State Controller shall transfer \$194,312 from available balances in
 27 Other Special Revenue Funds accounts within the Department of Environmental
 28 Protection to the General Fund unappropriated surplus. On or before June 30, 2016, the
 29 Commissioner of Environmental Protection shall determine from which accounts the
 30 funds must be transferred so that the sum equals \$194,312 and notify the State Controller
 31 and the Joint Standing Committee on Appropriations and Financial Affairs of the
 32 amounts to be transferred from each account.

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PART E

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Sec. E-1. Personal Services savings; transfer to General Fund revenue.

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Notwithstanding the Maine Revised Statutes, Title 5, section 1582, subsection 4 or any other provision of law, the State Controller shall transfer the first \$6,750,000 of unexpended Personal Services appropriations that would otherwise lapse to the General Fund Salary Plan program in the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund at the close of fiscal year 2015-16.

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Sec. E-2. General Fund Salary Plan; transfer to General Fund revenue.

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Notwithstanding any other provision of law, the State Controller shall transfer up to \$6,750,000 from the General Fund Salary Plan program in the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund at the close of fiscal year 2015-16 in the event that the total savings in section 1 of this Part are not achieved.

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PART F

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Sec. F-1. Personal Services savings; transfer to General Fund revenue.

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Notwithstanding the Maine Revised Statutes, Title 5, section 1582, subsection 4 or any other provision of law, the State Controller shall transfer the first \$6,750,000 of unexpended Personal Services appropriations that would otherwise lapse to the General Fund Salary Plan program in the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund at the close of fiscal year 2016-17.

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Sec. F-2. General Fund Salary Plan; transfer to General Fund revenue.

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Notwithstanding any other provision of law, the State Controller shall transfer up to \$6,750,000 from the General Fund Salary Plan program in the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund at the close of fiscal year 2016-17 in the event that the total savings in section 1 of this Part are not achieved.

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PART G

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Sec. G-1. Transfer to General Fund unappropriated surplus; K-12

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Essential Programs and Services, Other Special Revenue Funds account.

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Notwithstanding any other provision of law, the State Controller shall transfer \$767,507 from the K-12 Essential Programs and Services, Other Special Revenue Funds account in the Department of Education to the General Fund unappropriated surplus no later than June 30, 2016.

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Sec. G-2. Transfer to General Fund unappropriated surplus; K-12

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Essential Programs and Services, Other Special Revenue Funds account.

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Notwithstanding any other provision of law, the State Controller shall transfer \$711,355 from the K-12 Essential Programs and Services, Other Special Revenue Funds account in the Department of Education to the General Fund unappropriated surplus no later than June 30, 2017.

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PART H

Sec. H-1. PL 2015, c. 267, Part T is repealed.

Sec. H-2. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Fund for Efficient Delivery of Local and Regional Services - Administration Z047**

Initiative: Reduces funding by \$750,000 in each year of the 2016-2017 biennium.

OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
All Other	(\$750,000)	(\$750,000)
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>(\$750,000)</u>	<u>(\$750,000)</u>

PART I

Sec. I-1. PL 2015, c. 267, Part PP is repealed.

Sec. I-2. Appropriations and allocations. The following appropriations and allocations are made.

**EDUCATION, DEPARTMENT OF
Fund for the Efficient Delivery of Educational Services Z005**

Initiative: Eliminates one-time funding for consolidation of school administrative units.

OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
All Other	(\$750,000)	(\$750,000)
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>(\$750,000)</u>	<u>(\$750,000)</u>

PART J

Sec. J-1. Transfer; Dirigo Health Fund; General Fund. Notwithstanding any other provision of law, the State Controller shall transfer \$300,000 by June 30, 2016 from the Dirigo Health Fund to the General Fund unappropriated surplus.

PART K

Sec. K-1. Transfer from Audit Recovery, Other Special Revenue Funds. The State Controller shall transfer \$151,331 from the Other Special Revenue Funds audit recovery account established in the Maine Revised Statutes, Title 5, section 1622 to the unappropriated surplus of the General Fund no later June 30, 2016.'

SUMMARY

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This amendment is the minority report to the bill reported out of the Joint Standing Committee on Appropriations and Financial Affairs regarding tax conformity and funding for tax conformity.

Part A of this amendment repeals, for taxable years beginning on or after January 1, 2016, the addition modification that decouples Maine's individual income tax law from the federal deduction for qualified tuition and related expenses under the United States Internal Revenue Code of 1986, Section 222.

Part A also decouples the Maine individual and corporate income taxes from the federal bonus depreciation deductions for taxable years beginning on or after January 1, 2015. It provides a Maine capital investment credit for taxable years beginning on or after January 1, 2015 with respect to depreciable property placed in service in Maine. The credit is equal to 9% of the amount of the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the United States Internal Revenue Code of 1986, Section 168(k) with respect to property placed in service in the State during the taxable year for taxable corporations; for individuals the credit is 8% of such amount for tax years beginning in 2015 and is 7% for tax years beginning on or after January 1, 2016.

Part B transfers \$9,535,933 from the Tax Relief Fund for Maine Residents to the unappropriated surplus of the General Fund by the end of fiscal year 2015-16.

Part C includes 2 initiatives. The first initiative adjusts funding based on projected needs in the first year of the biennium in the Veterans Tax Reimbursement program, which provides an exemption of estates up to a specific value for veterans, under the Maine Revised Statutes, Title 36, section 653. The 2nd initiative deappropriates funds no longer needed for debt service costs.

Part D requires the State Controller to transfer \$194,312, by June 30, 2016, from available balances in Other Special Revenue Funds accounts within the Department of Environmental Protection to the General Fund unappropriated surplus.

Part E requires the State Controller to transfer the first \$6,750,000 of unexpended Personal Services savings that would otherwise lapse to the General Fund Salary Plan program to the General Fund unappropriated surplus at the close of fiscal year 2015-16. This Part also requires the State Controller to transfer funding from the General Fund Salary Plan program to the General Fund unappropriated surplus in the event that the full \$6,750,000 of Personal Services savings in this Part is not achieved.

Part F requires the State Controller to transfer the first \$6,750,000 of unexpended Personal Services savings that would otherwise lapse to the General Fund Salary Plan program to the General Fund unappropriated surplus at the close of fiscal year 2016-17. This Part also requires the State Controller to transfer funding from the General Fund Salary Plan program to the General Fund unappropriated surplus in the event that the full \$6,750,000 of Personal Services savings in this Part is not achieved.

Part G transfers the projected increases in funding to the Department of Education from casino revenues in the December 1, 2015 revenue forecast to the General Fund in each fiscal year of the 2016-2017 biennium. This Part requires the State Controller to

1 transfer \$767,507 from the K-12 Essential Programs and Services, Other Special Revenue
2 Funds account in the Department of Education to the General Fund unappropriated
3 surplus no later than June 30, 2016. It also requires the State Controller to transfer
4 \$711,355 from the K-12 Essential Programs and Services, Other Special Revenue Funds
5 account in the Department of Education to the General Fund unappropriated surplus no
6 later than June 30, 2017.

7 Part H repeals Public Law 2015, chapter 267, Part T, which required the State
8 Controller to transfer \$750,000 in each fiscal year of the 2016-2017 biennium, as a one-
9 time transfer, from the General Fund unappropriated surplus to the Fund for Efficient
10 Delivery of Local and Regional Services - Administration, Other Special Revenue Funds
11 account within the Department of Administrative and Financial Services. This Part also
12 reduces the allocation in the associated Other Special Revenue Funds account in both
13 fiscal years of the biennium that would have received the transfer.

14 Part I repeals Public Law 2015, chapter 267, Part PP, which required the State
15 Controller to transfer \$750,000 in each fiscal year of the 2016-2017 biennium, as a one-
16 time transfer, from the General Fund unappropriated surplus to the Fund for Efficient
17 Delivery of Educational Services, Other Special Revenue Funds account within the
18 Department of Education. This Part also eliminates one-time funding for the
19 consolidation of school administrative units.

20 Part J transfers the projected remaining balance of \$300,000 in fiscal year 2015-16
21 from the Dirigo Health Fund to the General Fund unappropriated surplus in addition to
22 the transfer of \$700,000 enacted in Public Law 2015, chapter 267, Part W.

23 Current law directs the State Controller to conduct recovery audits of payments made
24 by state agencies to vendors at least once every 10 years. Part K lapses the remaining
25 balance of the audit recovery, after the amounts paid to the consultant, to the
26 unappropriated surplus of the General Fund no later than June 30, 2016.

27 **FISCAL NOTE REQUIRED**

28 **(See attached)**



127th MAINE LEGISLATURE

LD 1583

LR 2662(02)

An Act To Provide for Tax Conformity and Funding Methods

Fiscal Note for Bill as Amended by Committee Amendment *A(S-354)*
 Committee: Appropriations and Financial Affairs
 Fiscal Note Required: Yes

Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Net Cost (Savings)				
General Fund	(\$6,352,443)	\$10,442,645	\$12,725,300	\$9,600,080
Appropriations/Allocations				
General Fund	(\$6,128,120)	\$0	\$0	\$0
Other Special Revenue Funds	(\$1,500,000)	(\$1,500,000)	\$0	\$0
Revenue				
General Fund	(\$18,974,760)	(\$19,404,000)	(\$12,725,300)	(\$9,600,080)
Other Special Revenue Funds	(\$387,240)	(\$396,000)	(\$259,700)	(\$195,920)
Transfers				
General Fund	\$19,199,083	\$8,961,355	\$0	\$0
Other Special Revenue Funds	(\$2,613,150)	(\$2,211,355)	\$0	\$0
Dirigo Health Fund	(\$300,000)	\$0	\$0	\$0

Fiscal Detail and Notes

This legislation proposes to conform to certain federal tax laws for tax years beginning on or after January 1, 2015 and would result in a loss of General Fund revenue of \$18,974,760 in fiscal year 2015-16 and \$19,404,000 in fiscal year 2016-17. It would also result in a reduction in transfers to the Local Government Fund of \$387,240 in fiscal year 2015-16 and \$396,000 in fiscal year 2016-17.

Part B of the bill transfers \$9,535,933 from the Tax Relief Fund for Maine Residents to the unappropriated surplus of the General Fund in fiscal year 2015-16.

Part C deappropriates \$6,128,120 from the Department of Administrative and Financial Services and the Office of the Treasurer of the State in fiscal year 2015-16 to reflect savings in debt service and veterans tax reimbursements.

Part D transfers \$194,312 in fiscal year 2015-16 from various Department of Environmental Protection Other Special Revenue Funds accounts chosen by the department prior to the close of fiscal year 2015-16 to the unappropriated surplus of the General Fund.

Parts E and F lapses \$6,750,000 in fiscal year 2015-16 and \$6,750,000 in fiscal year 2016-17 from Personal Services appropriations that would otherwise lapse to the Salary Plan account in the Department of Administrative and Financial Services.

Part G transfers \$767,507 in fiscal year 2015-16 and \$711,355 in fiscal year 2016-17 from the K-12 Essential Programs and Services Other Special Revenue Funds account to the unappropriated surplus of the General Fund.

Part H deallocates \$750,000 in fiscal year 2015-16 and \$750,000 in fiscal year 2016-17 from the Fund for Efficient Delivery of Local and Regional Services - Administration program and repeals transfers from the General Fund to the Fund for Efficient Delivery of Local and Regional Services - Administration program.

Part I repeals the provision in Public Law 2015, c. 267, Part PP that required the State Controller to transfer \$750,000 in fiscal year 2015-16 and \$750,000 in fiscal year 2016-17 from the General Fund unappropriated surplus to the Fund for Efficient Delivery of Educational Services Other Special Revenue Funds account and includes corresponding deallocations to the program account.

Part J transfers \$300,000 from the Dirigo Health Fund to the unappropriated surplus of the General Fund during fiscal year 2015-16.

Part K transfers \$151,331 from the Audit Recovery Other Special Revenue Funds account to the unappropriated surplus of the General Fund during fiscal year 2015-16.