

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-FIFTH LEGISLATURE

FIRST SPECIAL SESSION
September 27, 2011

SECOND REGULAR SESSION
January 4, 2012 to May 31, 2012

THE EFFECTIVE DATE FOR
FIRST SPECIAL SESSION
LAWS IS
SEPTEMBER 28, 2011

THE GENERAL EFFECTIVE DATE FOR
SECOND REGULAR SESSION
NON-EMERGENCY LAWS IS
AUGUST 30, 2012

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH THE MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Augusta, Maine
2012

CHAPTER 692
S.P. 252 - L.D. 849

**An Act To Provide Tax Relief
for Maine's Citizens by
Reducing Income Taxes**

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

Sec. 1. 5 MRSA §1518-A, as enacted by PL 2005, c. 2, Pt. A, §4 and affected by §14, is amended to read:

§1518-A. Tax Relief Fund for Maine Residents

1. Tax Relief Fund for Maine Residents. There is created the Tax Relief Fund for Maine Residents, referred to in this section as "the fund," which must be used to provide tax relief to residents of the State. The fund consists of all resources transferred to the fund under subsection 4 and section 1536 and other resources made available to the fund. The fund must be used to reduce the individual income tax rates to 4% pursuant to subsection 1-A.

1-A. Implementation. By September 1, 2014 and annually thereafter, if the State Controller determines that the benefits required under the Circuit-breaker Program under Title 36, chapter 907 have been fully funded, the State Controller shall inform the State Tax Assessor of the amount available in the fund for the purposes of subsection 1.

A. By November 1st annually, the State Tax Assessor shall calculate the amount by which the income tax rates under Title 36, section 5111, subsections 1-C, 2-C and 3-C may be reduced during the subsequent tax year using the amount available from the fund. Bracket rate reductions must be a minimum of 0.2 percentage points in the first year in which reductions are made and a minimum of 0.1 percentage points in subsequent years. If sufficient funds are not available to pay for the minimum reduction, a rate reduction may not be made until the amount in the fund is sufficient to pay for the reduction. When the amount is sufficient to pay for the reduction, the reduction must first be applied equally to each bracket under Title 36, section 5111, subsections 1-C, 2-C and 3-C until the lower bracket reaches 4%. Funds available from the fund in subsequent years must be applied to reduce the higher bracket rates until there is a single bracket with a rate of 4%, after which future tax relief may be identified.

B. The State Tax Assessor shall provide public notice of new bracket rates calculated under this subsection by November 15th annually.

C. New bracket rates calculated under this subsection apply beginning with tax years that begin on or after January 1st of the calendar year fol-

lowing the determinations made under this subsection.

2. Nonlapsing fund. Any unexpended balance in the Tax Relief Fund for Maine Residents may not lapse but must be carried forward to be used pursuant to subsection ~~4~~ 1-A.

3. Transfer for income tax reduction. In the fiscal years immediately following the calculation of the income tax rate reduction under subsection 1-A, paragraph A, the State Tax Assessor shall certify to the State Controller the amount of the reduction in General Fund revenue by fiscal year, and the State Controller shall transfer from the fund the amount certified for the reduction in revenue attributable to adjustments made under subsection 1-A to the General Fund unappropriated surplus.

4. Transfer from General Fund revenue growth. Beginning with fiscal year 2013-14 and before any other transfers from the General Fund, the State Controller shall transfer to the fund at the close of each fiscal year 40% of the amount by which General Fund budgeted revenue for that fiscal year exceeds the General Fund appropriation limitation calculated for that fiscal year under section 1534.

Sec. 2. 5 MRSA §1536, sub-§1, as amended by PL 2011, c. 380, Pt. X, §2, is further amended to read:

1. Fourth priority reserve. The State Controller shall, as the 4th priority after the transfers to the State Contingent Account pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section 1511 and the transfers pursuant to section 1522 at the close of each fiscal year, transfer from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made as follows:

- A. Thirty-five percent to the stabilization fund;
- B. ~~Twenty~~ Thirteen percent to the Retirement Allowance Fund established in section 17251;
- C. ~~Twenty~~ Thirteen percent to the Reserve for General Fund Operating Capital;
- D. ~~Fifteen~~ 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~~
- F. Twenty percent to the Tax Relief Fund for Maine Residents established in section 1518-A.

Sec. 3. Application. That section of this Act that amends the Maine Revised Statutes, Title 5, section 1536, subsection 1 applies to fiscal years beginning on or after July 1, 2012.

See title page for effective date.

CHAPTER 693

H.P. 664 - L.D. 905

An Act Regarding the Distribution and Sale of Spirits

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

Sec. 1. 28-A MRSA §83, sub-§5, as enacted by PL 1997, c. 373, §28, is amended to read:

5. Investigate and recommend changes. The alcohol bureau shall carry out a continuous study and investigation of the sale of alcoholic beverages throughout the State and the operation and administration of state activities and recommend to the Commissioner of Administrative and Financial Services any changes in the laws or rules and methods of operation that are in the best interest of the State. By December 1, 2012, the commissioner shall conduct a cost-benefit analysis of the discount price at which agency liquor stores purchase spirits and fortified wine from the State or wholesale liquor provider contracted by the State that includes consideration of how the discount price may be adjusted to allow agency liquor stores' revenue trends to mirror proportionally any upward trend in spirits sales and revenue realized by the State or the State's wholesale liquor provider. The commissioner shall update the cost-benefit analysis at least every 2 years and shall make the analysis available, upon request, to the joint standing committee of the Legislature having jurisdiction over alcoholic beverages matters.

Sec. 2. 28-A MRSA §83, sub-§5-A is enacted to read:

5-A. Sales incentives to agents; rules. The alcohol bureau may adopt rules to provide for a sales incentive program for agency liquor stores. The alcohol bureau shall consider federal regulations that govern sales incentives for alcoholic beverages and the effect of a sales incentive program on General Fund revenue and pending or existing contracts with a wholesale liquor provider when developing an incentive program. Notwithstanding subsection 1, rules adopted in accordance with this subsection are major substantive rules pursuant to Title 5, chapter 375, subchapter 2-A.

Sec. 3. 28-A MRSA §1651, sub-§2, ¶C, as amended by PL 2005, c. 539, §9, is further amended to read:

C. Notwithstanding the other provisions of this section, with approval of the Commissioner of Administrative and Financial Services, the alcohol bureau may reduce the price of ~~discontinued items~~ of liquor that, as determined by the alcohol bureau by rule, is unlikely to be sold for the list price. The reduced price may not be less than the actual cost of the discontinued liquor items. Rules adopted to implement this paragraph are major substantive rules pursuant to Title 5, chapter 375, subchapter 2-A.

Sec. 4. 28-A MRSA §2074-A is enacted to read:

§2074-A. Illegal storage, purchase or sale of spirits by an on-premises licensee; penalty

A person licensed for the sale of spirits for consumption on the licensed premises who violates section 606, subsection 1-A or violates state rules or federal regulations governing the storage, purchase and sale of spirits, including but not limited to the prohibition against reusing or refilling liquor bottles, and the disposition of empty liquor bottles, is subject to suspension or revocation of the license under chapter 33 as follows.

1. Suspension of privilege to sell spirits. A person who commits a violation described by this section is subject to a 90-day suspension for a first offense, a 180-day suspension for a 2nd offense and a one-year suspension for a 3rd or subsequent offense.

2. Revocation. The bureau may recommend revocation of a license to sell spirits for consumption on the premises if a licensee commits more than 3 violations as described by this section.

Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

PUBLIC SAFETY, DEPARTMENT OF Liquor Enforcement 0293

Initiative: Provides a one-time General Fund appropriation for contracted auditing services of on-premises retailers to ensure compliance with applicable laws and regulations requiring them to purchase spirits from a licensed reselling agent in the State.

GENERAL FUND	2011-12	2012-13
All Other	\$0	\$92,000
GENERAL FUND TOTAL	\$0	\$92,000

See title page for effective date.