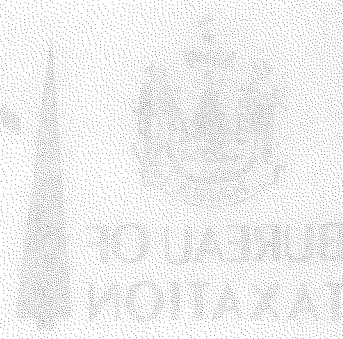


# MAINE STATE LEGISLATURE

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E I G H T Y - F I F T H A N N U A L R E P O R T  
 O F T H E  
 B U R E A U O F T A X A T I O N

Approved by the Executive Council  
 of the State of Maine

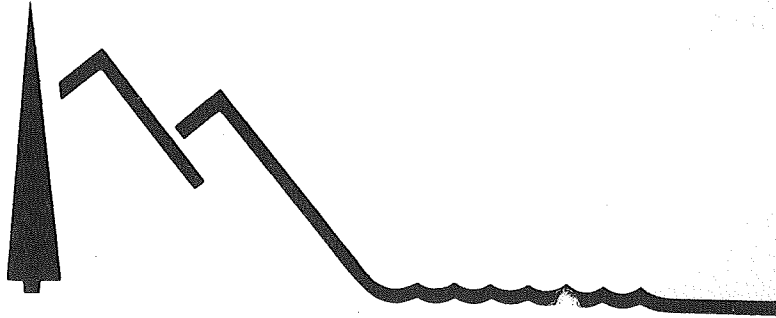
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 Commissioner

S T A T E O F M A I N E

1975



**BUREAU OF  
TAXATION**



**STATE OF MAINE**

State Office Building, Augusta, Maine 04301

December 31, 1975

To His Excellency James B. Longley, Governor and  
The Honorable Executive Council

Gentlemen:

In accordance with Title 36, M.R.S.A., Section 54,  
there is herewith submitted for your consideration the  
Eighty-Fifth Annual Report of the Bureau of Taxation.

Respectfully submitted,

*R. L. Halperin*  
R. L. HALPERIN

State Tax Assessor

## INTRODUCTION

This report is a combination of the annual reports of the Bureau of Taxation and the Bureau of Property Taxation for the fiscal year ending June 30, 1975. The Bureau of Property Taxation was created by the 106th Legislature in Chapters 592 and 620 of the Public Laws of 1973. The legislation provided for the transfer of the powers and responsibilities relating to property taxation from the State Tax Assessor to the State Director of Property Taxation, as approved by the Commissioner of Finance and Administration, with the transfer to be completed by July 1, 1975. The actual transfer was completed on July 1, 1974.

The Bureau of Property Taxation was operated as a separate bureau for a period of one year. The legislation creating it was repealed by the 107th Legislature under Chapter 78, Section 21, effective July 1, 1975 and it was again made a division of the Bureau of Taxation on that date.

Raymond L. Halperin, who was the first Director of the Bureau of Property Taxation, was appointed to succeed Ernest H. Johnson, effective June 13, 1975. A succinct review of Mr. Johnson's career was provided in the January 1975 issue of Tax Administrators News.

"Ernest H. Johnson, state tax assessor

for the state of Maine since September 1947, retired from state service on January 3, 1975. During his distinguished career in state and local taxation, Mr. Johnson received many honors. He is a past chairman of the FTA Board of Trustees and a past president of the National Association of Tax Administrators, and he was active in many respects of FTA and NATA affairs. At a ceremony on the occasion of his retirement, Governor Curtis of Maine presented Mr. Johnson with NATA's Certificate of Outstanding Service.

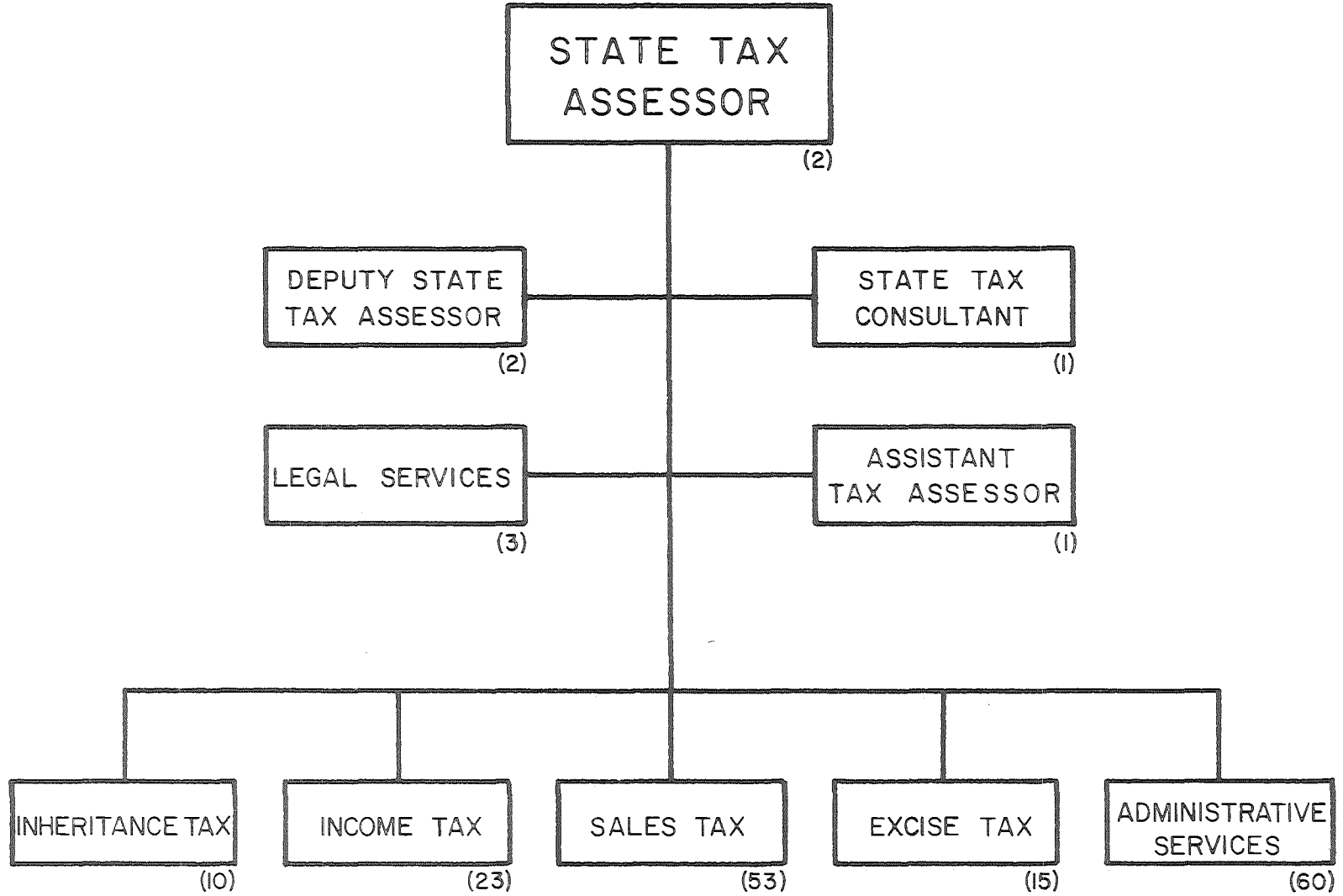
"Mr. Johnson is also a past president of the New England States Tax Officials Association. As Maine State Tax Assessor, Mr. Johnson directed the Maine Bureau of Taxation, the state's principal tax agency, which administered all major taxes, including sales, income and excise taxes. An attorney with degrees from Dartmouth College and Northeastern Law School, Mr. Johnson had served as executive secretary of the Maine Municipal Association and as a town manager in Maine before his appointment as state tax assessor."

The respect with which Ernest is held by those who have worked with him is a tribute to his dedication and effectiveness while serving as State Tax Assessor.

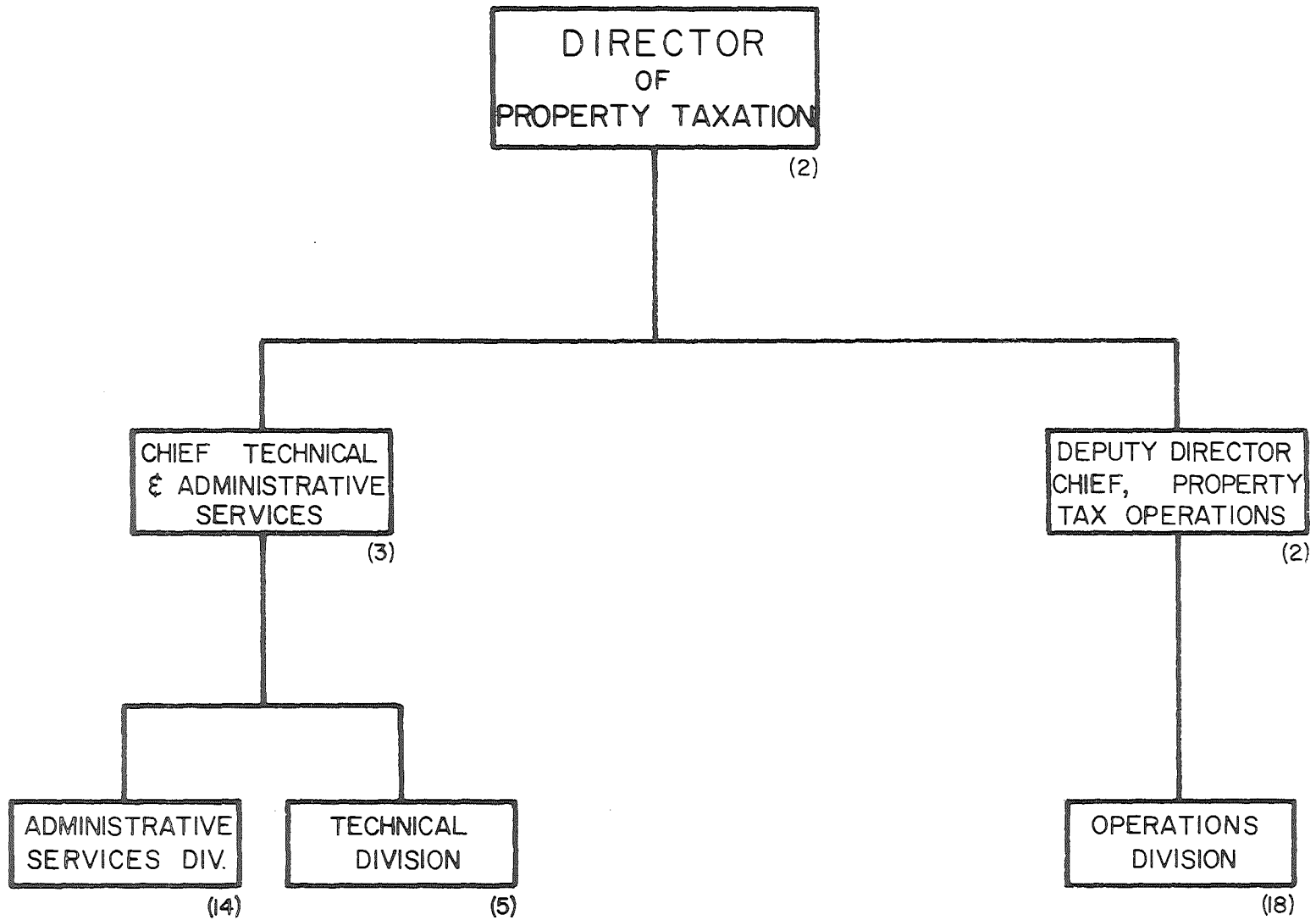
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# BUREAU OF TAXATION



# BUREAU OF PROPERTY TAXATION





BUREAU OF TAXATION

Ernest H. Johnson	State Tax Assessor (Ret. 1/3/75)
Raymond L. Halperin	State Tax Assessor (App. 6/13/75)
John T. Singer	Deputy State Tax Assessor
Kenneth L. Cross	Assistant Tax Assessor
Neal W. Bodwell	Director, Excise Tax Division
Robert J. Beattie	Director, Income Tax Division
Albert N. Tardif, Jr.	Director, Inheritance Tax Division
Thomas S. Squiers	Director, Sales Tax Division
Donald F. Reeck	Chief, Tax Compliance (Ret. 8/1/75)

BUREAU OF PROPERTY TAXATION

Raymond L. Halperin	Director (Until 6/13/75)
Norman P. Ledew	Deputy Director and Chief, Property Tax Operations
Robert W. Meskers	Chief, Technical & Administrative Services
Herbert W. Cushing	Chief, Training & Certification
Carl A. Lowe	Supervisor, Organized Territory
George A. Mayo	Supervisor, Unorganized Territory

ELDERLY HOUSEHOLDERS TAX AND RENT REFUND ACT

This program which is also called the "circuit breaker" refund program has been administered by the Bureau of Taxation since it was first enacted in 1971 as the Elderly Householders Tax Relief Act. The initial filing period was August 1 through October 15, 1972 and that same filing period has been in effect during the four years that the program has operated. Before the program went into effect in 1972, modifications were made in the assistance program, whereby recipients of categorical assistance (now Supplemental Security Income) received increased assistance payments and were excluded from the tax relief program. This exclusion from the program was repealed in 1975 (Chapter 90).

In 1973, this program was amended, effective with claims filed in that year. The most important change was in the formula by which the payment was to be computed. In 1972, the amount was 7% of the difference between household income and \$4,000, but limited to the amount of the property tax (or 20% of the rent paid) for the home in the previous year. In 1973, the amount of the refund was based upon the property tax (or 25% of rent) for the preceding year, reduced by a percentage of household income ranging from 2% of income to \$1,000, to 16% of income exceeding \$4,000, with a maximum grant of \$400 (Chapter 634).

This revised grant formula was again changed in 1974 (Chapter 771, Public Laws of 1973) with the grants in 1974 being based upon the property tax (or 25% of rent) for the preceding year, reduced by 21% of household income exceeding \$3,000. The maximum grant remained \$400, the assets limitation was repealed (Chapter 771, Public Laws of 1973) and the maximum age was reduced to 62 for both males and females.

In 1975, the same grant formula as in 1974 was maintained but the exclusion of SSI recipients from the program was repealed so that many more people were eligible for a refund. These successive annual changes in the program make comparisons among the four years difficult as may be seen from the following figures:

	<u>1972</u>	<u>1973</u>	<u>1974</u>	(Tentative) <u>1975</u>
Total grants	\$1,674,926	\$1,985,600	\$3,119,342	\$3,852,282
Number of Applications Filed	17,597	17,778	17,615	23,122
Number of Applications Approved	15,943	13,468	15,074	19,955
Average grant	\$104.03	\$146.55	\$206.94	\$193.05

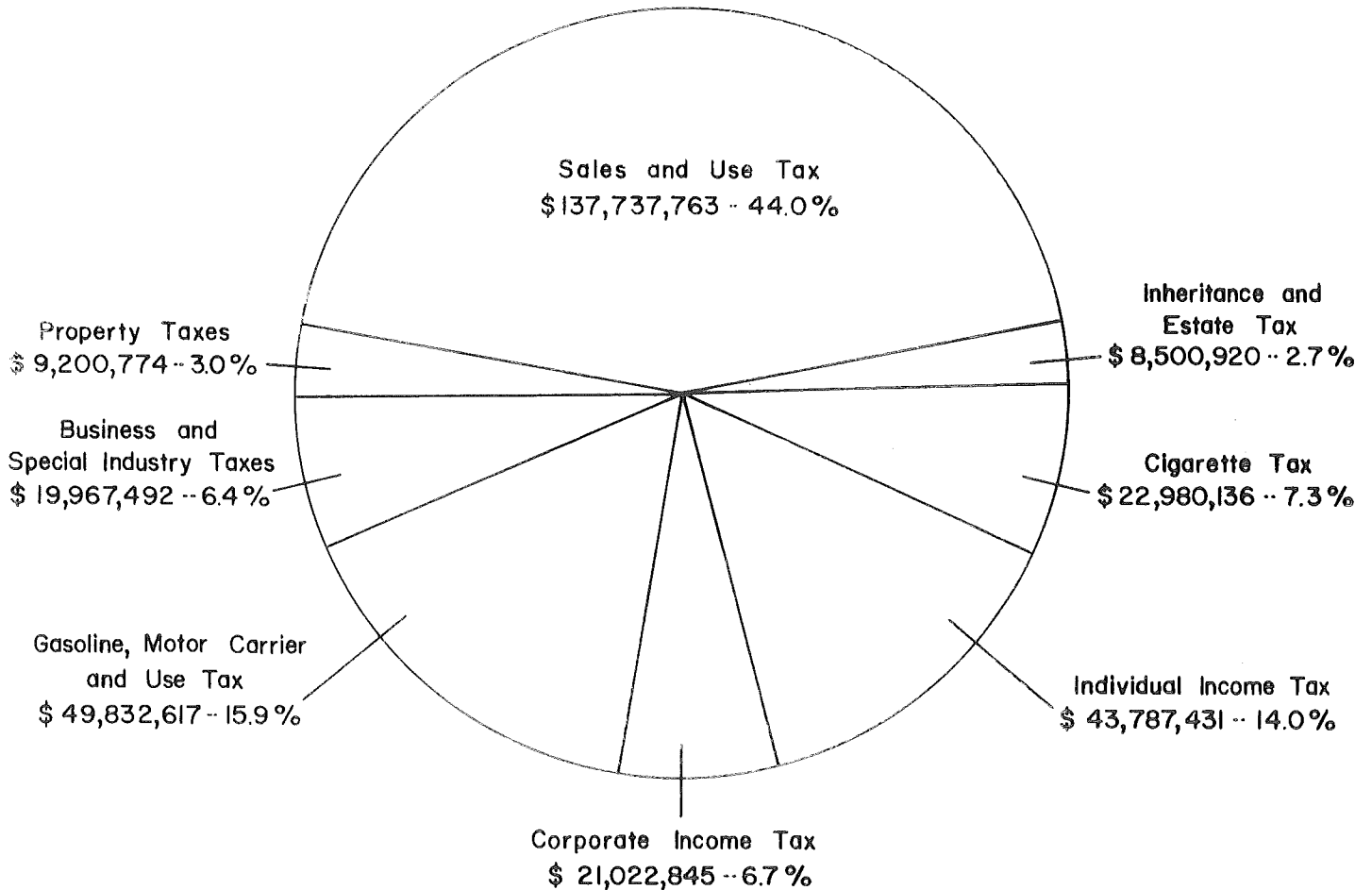
TAXES COLLECTED BY BUREAU OF TAXATION

and

BUREAU OF PROPERTY TAXATION

FOR THE FISCAL YEAR ENDED JUNE 30, 1975

Inheritance and Estate Taxes	\$ 8,500,920.39
Sales and Use Taxes	137,737,762.90
Cigarette Tax	22,980,136.47
Income Taxes	
Individual	43,787,431.12
Corporate	21,022,845.35
Taxes on Specific Businesses or Occupations	
Corporate Franchise	386,707.00
Public Utilities	9,857,713.31
Insurance Companies	8,483,677.39
Fire Investigation and Prevention	317,746.99
Special Industry Taxes	921,647.11
Gasoline, Use Fuel and Motor Carrier Taxes	49,496,088.57
Aeronautical Gasoline Tax	336,528.04
Property Taxes	9,200,773.76
	\$313,029,978.40



Costs of Operation \$2,842,629 or  $\frac{9}{10}$  of 1% (.9 %) of Revenue Collected.

CIGARETTE TAX

REVENUE

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Cigarette Stamp Sales (Face Value)	\$ 210,988.42	\$ 307,551.96
Cigarette Meter Sales (Gross Value)	20,283,033.60	23,335,354.72
Misc. Cigarette Sales	4,182.29	5,572.38
	<u>\$20,498,204.31</u>	<u>\$23,648,479.06</u>
Less:		
Discount to Distri- butors	\$ 459,939.52	\$ 588,524.61
Refunds	46,593.68	84,629.92
	<u>-506,533.20</u>	<u>-673,154.53</u>
Sub-total (Net Revenue as per Controller)	<u>\$19,991,671.11</u>	<u>\$22,975,324.53</u>
Add:		
Licenses Sold	1,719.00	2,030.00
Sale of Confiscated Cigarettes	1.74	2,781.94
	<u>+ 1,720.74</u>	<u>+ 4,811.94</u>
Total Revenue	<u>\$19,993,391.85</u>	<u>\$22,980,136.47</u>

CORPORATION TAXES

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Railroad	\$ 147,630.39	\$ 777,543.91
Telephone Companies	8,169,047.04	9,025,929.40
Telegraph Companies	53,237.81	54,240.00
Corporate Franchise Tax	371,593.26	386,707.00
Insurance Companies	6,338,011.35	8,483,677.39
Fire Investigation and Prevention	233,387.97	317,746.99
Total	<u>\$ 15,312,907.82</u>	<u>\$19,045,844.69</u>

INDUSTRY TAXES

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Potato Tax	\$ 254,372.42	\$ 271,002.84
Blueberry Tax	60,803.49	47,127.31
Fertilizer Tax	11,079.40	13,783.56
Marine Worm Tax	33,444.89	32,329.19
Milk Tax	287,298.28	309,389.48
Quahog Tax	1.54	--
Sardine Tax	237,463.73	248,014.73
Total	<u>\$ 884,463.75</u>	<u>\$ 921,647.11</u>

HIGHWAY FUND REVENUE

7/1/73 to 6/30/74

7/1/74 to 6/30/75

GASOLINE TAX

Gasoline Tax Certified	\$ 46,960,916.60	\$ 47,307,722.00
Highway Fund	2,696.35	9,120.23
	<u>46,963,612.95</u>	<u>47,316,842.23</u>
Less: Abatements	182.88	720.00
	<u>\$ 46,963,430.07</u>	<u>\$ 47,316,122.23</u>

USE FUEL TAX

Dealers' Tax	\$ 1,854,915.77	\$ 1,862,038.23
Users' Tax	1,942,127.75	1,877,189.52
	<u>3,797,043.52</u>	<u>3,739,227.75</u>
Less: Abatements	8,593.12	17,745.88
	<u>3,788,450.40</u>	<u>3,721,481.87</u>
Less: Reserve for Receivables	2,501.48	15,227.50
	<u>3,785,948.92</u>	<u>3,706,254.37</u>
Add: Penalties and Interest	19,792.23	19,380.78
	<u>\$ 3,805,741.15</u>	<u>\$ 3,725,635.15</u>

MOTOR CARRIER TAX

Motor Carrier Tax	\$ 30,895.83	\$ 22,131.53
Less: Abatements	187.08	196.65
	<u>30,708.75</u>	<u>21,934.88</u>
Add: Penalties and Interest	127.42	115.17
	<u>30,836.17</u>	<u>22,050.05</u>
	<u>\$ 50,800,007.39</u>	<u>\$ 51,063,807.43</u>

HIGHWAY FUND EXPENDITURES

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Refunds: Gasoline Tax	\$ 576,811.74	\$ 558,876.56
Shrinkage Allowance	173,432.85	172,155.01
Motor Carrier Tax	10,388.94	4,482.95
Use Fuel Tax	31,606.01	21,868.08
Reimbursement: Maine Turnpike Authority	17,833.58	18,815.26
Transfer: Marine Resources	80,218.16	81,559.46
Boat Facilities Fund	320,872.69	326,237.88
Fish & Game	16,872.14	23,607.51
Snowmobile	151,849.19	212,467.58
	<u>1,379,885.30</u>	<u>1,420,070.29</u>
Sub-total (Controller's Figures)	\$ 49,420,122.09	\$ 49,643,737.14
Less: Administrative Costs	125,549.65	147,648.57
Total Revenue	<u>\$ 49,294,572.44</u>	<u>\$ 49,496,088.57</u>

AERONAUTICAL (GENERAL FUND)

Gasoline Tax Certified for Aeronautical	\$ 248,219.99	\$ 373,975.07
Less: Refunds	30,558.37	37,447.03
	<u>\$ 217,661.62</u>	<u>\$ 336,528.04</u>



INCOME TAX DIVISION

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Individual Income Tax	\$ 45,959,112.84	\$ 53,425,022.86
Interest and Penalties	57,602.37	28,228.24
Less Refunds	<u>(8,748,384.00)</u>	<u>(9,665,819.98)</u>
Net Individual Income Tax	\$ 37,268,331.21	\$ 43,787,431.12
Corporate Income Tax	\$ 13,043,682.88	\$ 20,913,223.53
Interest and Penalties	59,182.08	109,621.82
Less Refunds	--	--
Net Corporate Income Tax	<u>13,102,864.96</u>	<u>21,022,845.35</u>
Total Net Income Tax	\$ 50,371,196.17	\$ 64,810,276.47

INHERITANCE TAX DIVISION

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Estate Taxes	\$ 300,297.67	\$ 371,332.26
Inheritance Taxes	6,769,608.81	8,078,052.87
Interest	42,636.69	51,535.26
Total	<u>\$ 7,112,543.17</u>	<u>\$ 8,500,920.39</u>

SALES AND USE TAX DIVISION

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Gross Revenue		
Sales Tax	\$ 111,476,067.07	\$ 117,553,246.81
Use Tax	16,585,996.67	20,480,843.97
Interest	159,807.15	140,271.70
Penalties	92,196.59	117,614.21
	<u>\$ 128,314,067.48</u>	<u>\$ 138,291,976.69</u>
Deduct		
Abatements		
Sales Tax	\$ 105,777.76	\$ 196,911.09
Use Tax	49,694.00	77,864.61
Interest	161.52	859.42
Penalties	124.20	22,860.72
Refunds	154,385.52	255,717.95
	<u>\$ 310,143.00</u>	<u>\$ 554,213.79</u>
Net Revenue	\$ 128,003,924.48	\$ 137,737,762.90

On July 1, 1975 the Bureau of Taxation assumed the duties and responsibilities previously vested in the Bureau of Property Taxation. This report incorporates the 1975 information compiled by the Bureau of Property Taxation along with the information collected by the Property Tax Division, Bureau of Taxation.

Total real estate taxes assessed against property in the Unorganized Territory amounted to \$6,316,853.56. In addition, personal property taxes in the amount of \$152,507.06 were also assessed.

The Spruce Budworm Excise Tax authorized by Chapter 162, P.L. 1975 was assessed in 1975 against land classified under the Tree Growth Tax Law for parcels of more than 500 acres, in the amount of \$2,264,187.65.

Revenue from the Real Estate Transfer Tax amounted to \$461,128.56. A revised version of this tax went into effect October 1, 1975 resulting in a noticeable increase in monthly revenue.

Municipalities reported total property tax assessments for 1975 in the amount of \$224,426,257. When compared with the 100% State Valuation of \$9,080,673,402 this results in a weighted average municipal tax rate of .0247.

PROPERTY TAX REVENUE

	7/1/73 to 6/30/74	7/1/74 to 6/30/75
Real Estate Tax -		
Unorganized	\$ 5,705,202.20	\$ 6,316,853.56
Spruce Budworm Tax -		
Unorganized	--	2,264,187.65
Personal Property Tax -		
Unorganized	38,514.53	152,507.06
Interest on Tax -		
Unorganized	4,588.23	5,083.12
Costs on Tax -		
Unorganized	1,335.95	1,013.81
Real Estate Transfer Tax	524,082.56	461,128.56
Total	\$ 6,273,723.47	\$ 9,200,773.76