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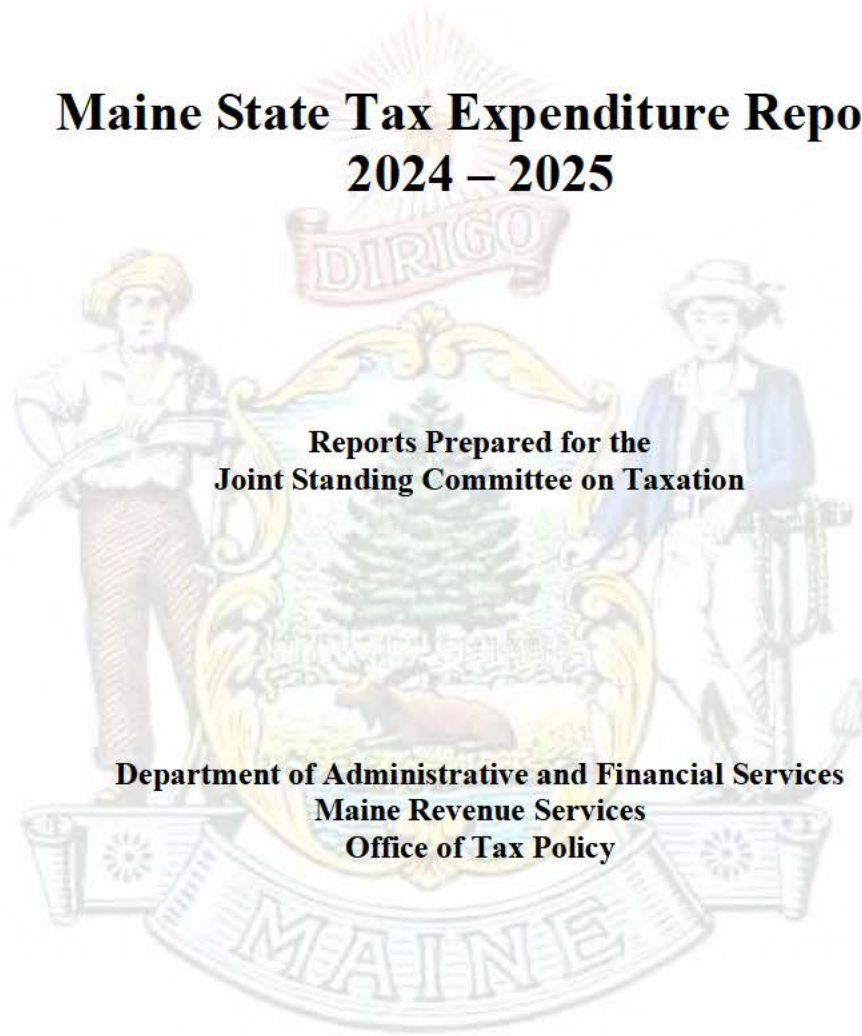


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# **Maine State Tax Expenditure Report 2024 – 2025**

**Reports Prepared for the  
Joint Standing Committee on Taxation**

**Department of Administrative and Financial Services  
Maine Revenue Services  
Office of Tax Policy**







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February 15, 2023

Sen. Nicole Grohoski, Chair  
Rep. Joe Perry, Chair  
Members Joint Standing Committee on Taxation

The Office of Tax Policy is pleased to submit to the Committee a detailed report on state income tax and sales tax expenditures. For purposes of this report, 36 M.R.S.A. § 199-B defines tax expenditure as any provision of state law that results in the reduction of tax revenue due to special exclusions, exemptions, deductions, credits, preferential rates or deferral of tax liability.

We have excluded from the definition tax expenditures that are (1) required under federal mandate (e.g., the sales tax exclusion for food stamp purchases), (2) created at the state level to maintain conformity with traditional tax law when the federal government deviates from that law because it creates credits that the state does not adopt (e.g., the subtraction modification associated with federal work opportunity credit), or (3) are the result of the state taxing certain activities under a different tax system (e.g., the income of a financial institution that is an S corporation).

This report provides no recommendation regarding the amendment, repeal or replacement of any tax expenditure. Such recommendations are included in the Governor's biennial budget or separate legislation submitted by the Administration.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Michael J. Allen



# Table of Contents

Introduction: TAX EXPENDITURES .....	1
<b>Chapter 1: INCOME TAX (Personal and Corporation) and PROPERTY TAX REIMBURSEMENTS.....</b>	<b>5</b>
1.001 Reimbursement for business equipment tax exemption to municipalities.....	5
1.002 Reimbursement for taxes paid on certain business property (BETR). .....	6
1.003 Deduction for Income from Depreciation Recapture on Sale of Multi-Family Affordable Housing Property.....	7
1.004 Deduction for social security benefits taxable at federal level. ....	8
1.005 Deduction for contributions to capital construction funds.....	9
1.006 Deduction for pension income. ....	10
1.007 Deduction for interest and dividends on Maine state and local securities by individuals.	11
1.008 Deduction for Holocaust victim settlement payments.....	12
1.009 Deduction for active duty military pay earned outside of Maine .....	13
1.010 Deduction for military annuity payments made to a survivor .....	14
1.011 Family Development Account proceeds .....	15
1.012 Municipal property tax benefits for senior citizens .....	16
1.013 Deduction for gains on sales of eligible timberlands .....	17
1.014 Deduction for student loan payments made directly to lender by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine .....	18
1.015 Exclusion of certain income earned by tribal members residing on tribal land.....	19
1.016 Deduction for contributions to a 529 Plan .....	20
1.017 Itemized deductions.....	21
1.018 Additional standard deduction for the blind and elderly.....	22
1.019 Deduction for exempt associations, trusts and organizations. ....	23
1.020 Deduction for interest and dividends on U.S., Maine state and local securities.....	24
1.021 Deduction for Maine Space Corporation bond interest.....	25
1.022 Exemption for certain out-of-state suppliers of spirits sold to the Bureau of Alcoholic Beverages and Lottery Operations.....	26
1.023 Sales Tax Fairness Credit.....	27
1.024 Credit to beneficiary for accumulation distribution.....	28
1.025 Seed capital investment tax credit. ....	29
1.026 Student Loan Repayment Credit.....	30
1.027 Employer support for volunteer firefighters and volunteer municipal emergency medical services persons tax credit. ....	31
1.028 Income tax credit for child care expenses. ....	32

1.029 Adult Dependent Care Credit.....	33
1.030 Research expense tax credit.....	34
1.031 Earned income credit.....	35
1.032 Pine Tree Development Zone tax credit.....	36
1.033 Biofuel commercial production and commercial use credit.....	37
1.034 Tax benefits for media production companies.....	38
1.035 Credit for rehabilitation of historic properties.....	39
1.036 Dental care access credit.....	40
1.037 Innovation finance credit.....	41
1.038 Credit for Wellness Programs.....	42
1.039 New Markets Capital Investment Credit.....	43
1.040 Property Tax Fairness Credit.....	44
1.041 Primary care access credit.....	45
1.042 Maine Capital Investment Credit.....	46
1.043 Credit for disability income protection plans in the workplace.....	48
1.044 Credit for certain homestead modifications.....	49
1.045 Credit for major business headquarters expansions.....	50
1.046 Shipbuilding facility credit.....	51
1.047 Employer Credit for Family and Medical Leave.....	52
1.048 Credit for major food processing and manufacturing facility expansion.....	53
1.049 Credit for affordable housing.....	54
1.050 Renewable chemicals tax credit.....	55
1.051 Credit for paper manufacturing facility investment.....	56
1.052 Access to Justice Income Tax Credit.....	57
1.053 Employment tax increment financing and other job increment financing.....	58
1.054 Health savings accounts.....	60
1.055 Deduction for interest on student loans.....	61
1.056 Deduction for moving expenses.....	62
1.057 Pension contributions- individual retirement plans.....	63
1.058 Pension contributions- partners & sole proprietors – Self-employed SEP, Simple, and KEOGH plans.....	64
1.059 Deduction for health insurance premiums and long-term care insurance premiums by the self-employed.....	65
1.060 Educator Expenses.....	66
1.061 Tax-exempt interest income.....	67
1.062 Section 179 Expensing.....	68

1.063 Deduction for dividends received by domestic corporations from certain foreign corporations. ....	69
1.064 Opportunity Zones. ....	70
1.065 Pension contributions & earnings - employer-provided pension contributions and earnings. ....	71
1.066 Employer-paid medical insurance and expenses. ....	72
1.067 Exclusion of capital gains at death. ....	73
1.068 Exclusion of capital gains on sales of principal residences. ....	74
1.069 Exclusion of Social Security and Railroad Retirement not included in Federal Adjusted Gross Income. ....	75
1.070 Federal Conformity: Other. ....	76

**Chapter 2: Sales and Excise Taxes.....77**

2.001 Paint Stewardship Program Assessment. ....	77
2.002 Sales to the State & political subdivisions. ....	78
2.003 Grocery staples. ....	79
2.004 Ships' stores. ....	81
2.005 Prescription drugs. ....	82
2.006 Prosthetic or orthotic device. ....	83
2.007 Meals served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school. ....	84
2.008 Meals served to patients in hospitals & nursing homes. ....	85
2.009 Sales of meals by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated nonprofit area agencies on aging for the purpose of providing meals to the elderly. ....	86
2.010 Sales of meals to residents of certain nonprofit congregate housing. ....	87
2.011 Meals served by colleges to employees of the college when the meals are purchased with debit cards issued by the college. ....	88
2.012 Meals served by certain youth camps. ....	89
2.013 Meals served by a retirement facility to its residents. ....	90
2.014 Products used in agricultural and aquacultural production, and bait. ....	91
2.015 Certain jet fuels. ....	92
2.016 Coal, oil, and wood for cooking & heating homes. ....	93
2.017 Fuels for burning blueberry lands. ....	94
2.018 Residential electricity. ....	95
2.019 Residential gas. ....	96
2.020 Fuel and electricity used at a manufacturing facility. ....	97
2.021 Fuel oil or coal which becomes an ingredient or component part. ....	98



2.022 Certain returnable containers. ....	99
2.023 Packaging materials. ....	100
2.024 Free publications and components of publications. ....	101
2.025 Sales to hospitals, research centers, churches and schools. ....	102
2.026 Rental charges for living quarters in nursing homes and hospitals. ....	104
2.027 Sales to certain nonprofit residential child care institutions. ....	105
2.028 Rental of living quarters at schools. ....	106
2.029 Rental charges on continuous residence for more than 28 days. ....	107
2.030 Automobiles used in driver education programs. ....	108
2.031 Certain loaner vehicles. ....	109
2.032 Automobiles to amputee veterans. ....	110
2.033 Certain vehicles purchased or leased by nonresidents. ....	111
2.034 Certain vehicles purchased or leased by qualifying resident businesses. ....	112
2.035 Funeral services. ....	113
2.036 Watercraft purchased by nonresidents. ....	114
2.037 Snowmobile; all-terrain vehicle. ....	115
2.038 Nonprofit fire departments and nonprofit ambulance services. ....	116
2.039 Community mental health facilities, community developmentally disabled facilities and community substance abuse facilities. ....	117
2.040 Water pollution control facilities. ....	118
2.041 Air pollution control facilities. ....	119
2.042 Machinery and equipment. ....	120
2.043 Machinery and equipment for research. ....	121
2.044 Diabetic supplies. ....	122
2.045 Sales through coin-operated vending machines. ....	123
2.046 Goods and services for seeing eye dogs. ....	124
2.047 Regional planning commissions and councils of government. ....	125
2.048 Residential water. ....	126
2.049 Manufactured housing. ....	127
2.050 Certain instrumentalities of interstate or foreign commerce. ....	128
2.051 Historical societies, museums and certain memorial foundations. ....	129
2.052 Child care facilities. ....	130
2.053 Certain church-affiliated residential homes. ....	131
2.054 Certain property purchased outside the State. ....	132
2.055 Residential facilities for medical patients and their families. ....	134

2.056 Emergency shelter and feeding organizations. ....	135
2.057 Child abuse and neglect councils; child advocacy organizations; community action agencies.....	136
2.058 Certain libraries.....	137
2.059 Veterans' Memorial Cemetery Associations. ....	138
2.060 Railroad track materials.....	139
2.061 Nonprofit volunteer search and rescue organizations.....	140
2.062 Incorporated nonprofit hospice organizations.....	141
2.063 Nonprofit youth organizations. ....	142
2.064 Self-help literature on alcoholism.....	143
2.065 Portable classrooms. ....	144
2.066 Sales to certain incorporated nonprofit educational organizations.....	145
2.067 Sales to incorporated nonprofit animal shelters. ....	146
2.068 Construction contracts with exempt organizations.....	147
2.069 Charitable suppliers of medical equipment.....	148
2.070 Organizations fulfilling the wishes of children with life-threatening diseases.....	149
2.071 Schools and school-sponsored organizations.....	150
2.072 Monasteries and convents. ....	151
2.073 Incorporated nonprofit providers of certain support systems for single-parent families. ....	152
2.074 Nonprofit home construction organizations.....	153
2.075 Vietnam veteran registries.....	154
2.076 Organizations providing certain services for hearing-impaired persons.....	155
2.077 State-chartered credit unions.....	156
2.078 Nonprofit housing development organizations.....	157
2.079 Seedlings for commercial forestry use. ....	158
2.080 Property used in production. ....	159
2.081 Certain meals and lodging.....	160
2.082 Aircraft parts. ....	161
2.083 Eye banks. ....	162
2.084 Farm animal bedding and hay.....	163
2.085 Electricity used for net billing.....	164
2.086 Animal waste storage facility.....	165
2.087 Sales of property delivered outside this State. ....	166
2.088 Sales of certain printed materials. ....	167
2.089 Centers for innovation. ....	168

2.090	Certain sales by auxiliary organizations of the American Legion.....	169
2.091	Pine Tree Development Zone businesses; reimbursement of certain taxes. ....	170
2.092	Sales of tangible personal property to qualified development zone businesses. ....	171
2.093	Sales or leases of certain aircraft. ....	172
2.094	Sales of aircraft and parts. ....	173
2.095	Sales of qualified snowmobile trail grooming equipment. ....	174
2.096	Certain sales of electrical energy. ....	175
2.097	Certain vehicle rentals. ....	176
2.098	Plastic bags sold to redemption centers.....	177
2.099	Positive airway pressure equipment & supplies. ....	178
2.100	Sales of certain adaptive equipment. ....	179
2.101	Certain veterans' support organizations. ....	180
2.102	Nonprofit library collaboratives.....	181
2.103	Certain veterans' service organizations.....	182
2.104	Certain sales by civic, religious, and fraternal organizations. ....	183
2.105	Sales to nonprofit heating assistance organizations. ....	184
2.106	Certain support organizations for combat-injured veterans.....	185
2.107	Sales to nonprofit youth camps.....	186
2.108	Sales to pet food pantries. ....	187
2.109	Sales to certain nonprofit community-based worldwide charitable organizations.....	188
2.110	Sales of menstrual products. ....	189
2.111	Sales to area agencies on aging.....	190
2.112	Sales to nonprofit cemeteries. ....	191
2.113	Sales to certain educational collaboratives.....	192
2.114	Sales of firearm safety devices. ....	193
2.115	Sales to tribes. ....	194
2.116	Sales to tribal members. ....	195
2.117	Sales to tribal entities.....	196
2.118	Trade-in credits. ....	197
2.119	Donations to exempt organization. ....	198
2.120	Refund of sales tax on goods removed from the state.....	199
2.121	Refund of sales tax on depreciable machinery and equipment purchases. ....	200
2.122	Fish passage facilities. ....	201
2.123	Refund of sales tax on purchases of parts and supplies for windjammers. ....	202
2.124	Reimbursement of the sales tax paid on certain battery energy storage systems. ....	203

2.125 Amusement & recreational services.....	204
2.126 Medical services.....	205
2.127 Educational services.....	206
2.128 Social services.....	207
2.129 Financial services.....	208
2.130 Consumer purchases of personal, household and business services.....	209
2.131 Business purchases of repair, maintenance and personal services.....	210
2.132 Information services.....	211
2.133 Transportation services.....	212
2.134 Business purchases of legal, business, administrative and support services.....	213
2.135 Business purchases of construction services for maintenance and repair.....	214
2.136 Casual sales.....	215
2.137 Sales by executors.....	217
General Fund Service Provider Tax Expenditures.....	218
2.138 Telecommunications services.....	218
Highway Fund Sales and Use Tax Expenditures.....	219
2.139 Motor vehicle fuel.....	219
Highway Fund Gasoline and Special Fuel Tax Expenditures.....	220
2.140 State and local government exemption from the gasoline tax.....	220
2.141 Gasoline exported from the state.....	221
2.142 Refund of the gasoline tax for off-highway use and for certain bus companies.....	222
2.143 Refund of the gasoline tax to government agencies and political subdivisions.....	224
2.144 State & local government exemption from the special fuel tax.....	225
2.145 Special fuel exported from the state.....	226
2.146 Refund of special fuel tax for off-highway use and for certain bus companies.....	227
2.147 Refund of special fuel tax to government agencies and political subdivisions.....	229
Multimodal Transportation Fund Aeronautical Fuel Tax Expenditures.....	230
2.148 Excise tax exemption on jet or turbojet fuel.....	230
2.149 Refund of gasoline tax to users of aircraft.....	231
Cigarette Tax Exemption.....	232
2.150 Cigarette stamp tax deduction for licensed distributors.....	232
Special Revenue Tax Expenditures.....	233
2.151 Wild blueberries grown on tribal land.....	233
2.152 Potatoes grown on tribal land.....	234

Appendix A: General Fund Tax Expenditures – Income Tax (Personal and Corporate) and Property Tax Reimbursement.....	235
Appendix B: General Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes.....	237
Appendix C: Other Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes.....	241
Appendix D: National Estimates of Tax Expenditures by Function Included in Expenditure 1.070: Federal Conformity, Other .....	242
Appendix E: Tax Incidence Report .....	249

# **Introduction: TAX EXPENDITURES**

## ***I. Introduction***

State law requires Maine Revenue Services to provide two tax expenditure reports in January of every odd-numbered year. The first report must be included in the state budget document. 5 M.R.S.A. §1664 provides that the document specifically include

. . . the estimated loss in revenue during the last completed fiscal year and the fiscal year in progress, and the anticipated loss in revenue for each fiscal year of the ensuing biennium, caused by the tax expenditures provided in Maine statutes; the term "tax expenditures" means those State tax revenue losses attributable to provisions of Maine tax laws which allow a special exclusion, exemption or deduction or which provide a specific credit, a preferential rate of tax or a deferral of tax liability.

The second report, required by 36 M.R.S.A. § 199-B, must be submitted to the Joint Standing Committee on Taxation. This report must contain

a summary of each tax expenditure, a description of the purpose and background of the tax expenditure and the groups likely to benefit from the tax expenditure, an estimate of the cost of the tax expenditure for the current biennium, any issues regarding tax expenditures that need to be considered by the Legislature, and any recommendation regarding the amendment, repeal or replacement of the tax expenditure.”

The Governor’s budget submission for the 2024-25 biennium includes the first report. This report meets the second statutory requirement.

The tax expenditure budget is a concept that was developed to assure a budget review process for tax preferences similar to the review required for direct expenditure programs. The federal government and most state governments engage in a periodic review of tax expenditures. Generally, tax expenditures provide tax incentives designed to encourage certain activities by taxpayers or provide relief to taxpayers in special circumstances. Many tax expenditures are the equivalent of a governmental subsidy in which the foregone tax revenue is essentially a direct budget outlay to specific groups of taxpayers.

## ***II. Identifying Tax Expenditures***

Tax expenditures are defined relative to a benchmark “normal tax law.” Thus, identifying tax expenditures requires defining normal tax law. Tax expenditures are then aspects of the law that reduce revenue relative to normal tax law.

For the income tax the report adopts the same definition of normal income tax law as the Congressional Joint Committee on Taxation uses to identify federal income tax expenditures. The normal law tax structure includes personal exemptions, the standard deduction, the current tax rate schedule, and business expenses deductions. The base for normal law is much broader than taxable income. Tax expenditures are exclusions, exemptions, or deductions that reduce taxable income below

the “normal law” tax base and tax credits, preferential tax rates, or income tax deferral that reduce income tax liability.

Defining normal sales tax law is complicated because there are competing theoretical constructs for what this benchmark should be. One possibility is that the normal sales tax base is defined by 36 M.S.R.A. § 1811 and includes “all tangible personal property and taxable services sold at retail in this state.” Under this definition, sales tax exclusions for services are *not* tax expenditures but sales tax exemptions for business purchases of tangible personal property *are* tax expenditures. Another possibility is that the normal sales tax base is all retail purchases for consumption. In this case, sales tax exclusions for services *are* tax expenditures but sales tax exemptions for business purchases of tangible personal property are *not* tax expenditures because these purchases are not consumption. This report defines the normal sales tax base as the combination of these two bases. Thus, the benchmark base includes all sales of tangible personal property and services sold at retail, and both exemptions for business purchases and exclusions for the purchase of services are counted as tax expenditures.

The report uses broad definitions of the benchmark income and sales tax bases to maximize the number of tax expenditures identified and thus provide the most information to legislators. The choice of benchmark law does not reflect a judgment that benchmark law is preferred to current law. One area where the choice of normal law is important is when making cross-state comparisons of tax expenditures, as different choices of normal law will lead to different lists of expenditures even when states have identical tax policies.

There are a few other important considerations for the definition of normal tax law in this report. The report defines normal law to exclude as expenditure those parts of the law that are (1) established by federal mandate (e.g., the sale tax exclusion for food stamp purchases), (2) created at the state level to maintain conformity with normal tax law when the federal government deviates from that law because it creates credits that the state does not adopt (e.g., the subtraction modification associated with federal work opportunity credit), or (3) the result of the state taxing certain activities under a different tax system (e.g., the income of a financial institution that is an S corporation).

### ***III. Estimating the Size of Tax Expenditures***

#### ***A) General Conceptual issues***

In estimating the revenue loss attributed to a tax expenditure, it is assumed that the provision of law granting special tax treatment is repealed and that no other changes in tax law, taxpayer behavior or general economic activity occur as a result of its repeal. Consequently, it should not be concluded that the repeal of any of these tax expenditures will necessarily generate the amount of revenue which they are estimated to forego. Differences between the tax expenditure estimate and the revenue raised by repeal can be especially large for provisions related to timing, such as depreciation and deferral of income recognition, and for tax credits where carryforwards are a large component of the credit. In these cases, and especially in the near term, the revenue gain from ending a tax expenditure may be significantly different from the revenue cost of maintaining the expenditure. Sales tax expenditure estimates do not generally account for the availability of other exemptions that could apply and therefore can significantly overstate the revenue that would be raised by repeal.

General Fund expenditures are reported for sales tax and income tax. Due to local government revenue sharing, these General Fund expenditures are 95.5% of the total expenditure in fiscal year 2022 and 95% of the total expenditure after fiscal year 2022.

### *B) Sales Tax*

Sales tax expenditure estimates are particularly challenging to estimate. The sales tax return does not contain data pertinent to most exemptions and external data sources to inform the expenditure estimates do not exist in many cases. State-level consumption and business intermediate input and investment expenditures data would be the most relevant data for estimating expenditures but is unavailable.

Many expenditure estimates cite the sales tax model as the source. The sales tax model refers to national data on consumption and business expenditures multiplied by an estimated Maine share, a policy mapping of those expenditures to sales tax liability, and a simple data aging process. Due to limitations with the source data and, in many cases, an imperfect correspondence between the exemption in law and the policy mapping, estimates based on the sales tax model are subject to significant uncertainty.

Due to the numerous sales tax exemptions and the challenges of estimating the revenue lost from the exemptions, a few practical considerations are important.

First, for almost all sales tax expenditures, a legislative proposal to eliminate the exemption would spur a more thorough review of the expenditure estimate. The results of a more thorough review could result in significant changes.

Second, many sales tax expenditure estimates are reported as ranges due to the challenges of estimating the expenditure. Many of the range estimates are the same as the prior tax expenditure report and were not revisited for this report.

### *C) Income Tax*

Maine's individual and corporate income tax systems are based upon the federal definitions of adjusted gross income and taxable income. Therefore, certain tax expenditures, referred to as "conformity tax expenditures" are authorized by continued acceptance of the provisions of the Internal Revenue Code.

Tax expenditures for tax credits, Maine subtraction modifications, itemized deductions, and "above-the-line" deductions to Federal Adjusted Gross income are based on tax data and therefore should be reliably estimate for FY 2022. For forecast periods, some tax credits and minor deductions can be volatile because the benefits are concentrated with one or two taxpayers.

Tax expenditures arising from the definition of federal total income present numerous challenges. First, there is a paucity of data available to estimate these expenditures. Our estimates rely on the Joint Committee on Taxation's *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026* (JCX-22-



22, December 22, 2022). “Sharing down” national estimates from the JCT is the standard approach to estimating these expenditures, but the results are unreliable. Second, many of these provisions arguably belong in normal State tax law, as conformity to the federal law is common or near-universal across states, decoupling would create significant challenges, and the state has a long history of conforming to the provision. Finally, related to the first two points, understanding the implications of decoupling from many of these provisions would require a significant amount of legal and economic research and is outside the scope of this report.

For these reasons, income tax expenditures related to the definition of total income are only listed for some of the largest expenditures and items related to recent policy changes or attention. This report includes more detail on the remaining tax expenditures in Appendix D. JCT classifies tax expenditures by function; Appendix D lists the federal expenditures that flow through to Maine and are not elsewhere included in the report by function and shows the estimated federal expenditure. For each function or group of functions, a wide range for the total state expenditure is also included. A range is reported both because of the uncertainty involved with going from national to state estimates and the fact that interaction effects mean the sum of the individual estimates is different than the total expenditure.

#### ***IV. Changes to Tax Expenditure Report***

The Legislature enacted eight new income tax expenditures since the last report. Four new expenditures are subtractions from income: 529 plan contributions, income earned by tribal members on tribal lands, certain student loan payments made directly to a lender from a program administered by the Finance Authority of Maine, and interest from Maine Space Corporation bonds. Three new tax expenditures are tax credits: the Access to Justice Income Tax Credit, the credit for paper manufacturing facility investment, and the Employer Support for Volunteer Firefighters Tax Credit. Finally, a new exception from nexus standards was enacted for non-Maine liquor manufacturers.

In addition to these new expenditures, the Property Tax Fairness Credit, Earned Income tax credit, and pension income deduction were significantly expanded since the last report, and the Student Loan Repayment credit replaced the Credit for Educational Opportunity. One tax expenditure, conformity to the federal deduction for foreign-derived intangible income (FDII), was repealed and has been removed from the report.

Since the last report 11 new sales tax expenditures have also been added. Three apply to specific kinds of tangible property: menstrual products, firearm safety devices, and certain battery energy storage systems. Three apply to purchases by specific categories of nonprofit organizations: area agencies on aging, nonprofit cemeteries, and certain educational collaboratives. Lastly, five new expenditures relate to activities by tribes and on tribal land: sales tax exemptions for sales to tribes, tribal members, and tribal entities, a blueberry tax exemption for wild blueberries grown on tribal land, and a potato tax exemption for potatoes grown on tribal land.

Additionally, the use tax exemption for returned merchandise donated to charity (36 M.R.S.A. § 1863) was combined with the exemption for merchandise donated from a retailers inventory (36 M.R.S.A. § 1864); these are now reported as one expenditure.

# **Chapter 1: INCOME TAX (Personal and Corporation) and PROPERTY TAX REIMBURSEMENTS**

## **1.001 Reimbursement for business equipment tax exemption to municipalities.**

*36 M.R.S.A. § 691*

Under this provision, qualified business equipment first subject to property tax assessment on or after April 1, 2008 will be exempt from property taxes. The state reimburses municipalities for property revenue loss according to the following schedule: 100% in 2008, 90% in 2009, 80% in 2010, 70% in 2011, 60% in 2012, and for years beginning 2013 and for subsequent years, 50%. Municipalities where the total value of business personal property exceeds 5% of total taxable value plus the value of exempt business equipment can receive an enhanced reimbursement according to the following formula:

$$\text{Reimbursement Percentage} = .5 + .5 * \left( \frac{\text{Total value of business personal property}}{\text{Total taxable value} + \text{exempt business equipment}} \right)$$

There is also additional reimbursement provided for municipalities with respect to revenues related to tax increment financing revenues used by municipalities on their own qualifying tax increment financing projects.

### **Reason(s) for exemption**

Provides an incentive for business to make new investments that will foster economic development.

### **Estimated General Fund revenue loss**

FY '22 \$58,399,654  
FY '23 \$61,610,000  
FY '24 \$66,190,000  
FY '25 \$70,660,000

### **Methods used to calculate the revenue loss**

Estimates based on the Revenue Forecasting Committee report.

### **Number of taxpayers affected**

10,949 exemptions in 2021

## **1.002 Reimbursement for taxes paid on certain business property (BETR).**

*36 M.R.S.A. Chapter 915*

A business against which property taxes have been assessed with respect to eligible property (generally qualified business property first placed in service in Maine, or constituting construction in progress commenced in Maine, after April 1, 1995 and before April 2, 2007 (with the exception of certain retail property newly placed in service after that date that remains eligible for BETR reimbursement)) and who has paid those taxes is entitled to reimbursement of those taxes from the State. The reimbursement is 100% of the taxes assessed and paid with respect to eligible property for the first 12 years the property tax was paid. The reimbursement is 75% in Year 13 and is annually reduced until reimbursement reaches 50% in Year 17. Property placed in service after April 1, 2007 is generally qualified for the business equipment tax exemption under 36 M.R.S.A. Chapter 105 Subchapter 4-C. See item 1.001 on the previous page.

### **Reason(s) for exemption**

Provides an incentive for business investment and subsequent economic development.

### **Estimated General Fund revenue loss**

FY '22 \$19,625,176

FY '23 \$19,000,000

FY '24 \$17,500,000

FY '25 \$16,500,000

### **Methods used to calculate the revenue loss**

Estimates based on the Revenue Forecasting Committee report.

### **Number of taxpayers affected**

958 businesses requested reimbursement for 2020 property taxes.

# **1.003 Deduction for Income from Depreciation Recapture on Sale of Multi-Family Affordable Housing Property.**

*36 M.R.S.A. § 5122-(2)(Z) & § 5200-A (2)(Q)*

For income tax years beginning on or after January 1, 2006, Maine adjusted gross income (MAGI) is reduced by capital gains and ordinary income resulting from depreciation recapture determined in accordance with the Code, §§ 1245 and 1250 realized on the sale of property certified as multifamily affordable housing property by the Maine State Housing Authority.

## **Reason(s) for exemption**

Exemption is granted to claimants to encourage the preservation of affordable housing in Maine.

## **Estimated General Fund revenue loss**

FY '22 \$32,000

FY '23 \$32,000

FY '24 \$32,000

FY '25 \$32,000

## **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

## **Number of taxpayers affected**

Fewer than 10 taxpayers affected.

## **1.004 Deduction for social security benefits taxable at federal level.**

*36 M.R.S.A. § 5122-(2)(C)*

Federal adjusted gross income is reduced by social security benefits and railroad retirement benefits paid by the United States to the extent included in federal adjusted gross income.

### **Reason(s) for exemption**

Federal taxation of social security benefits provides funds to the Social Security Trust Fund. The state does not have this need, therefore social security and railroad retirement benefits are excluded from Maine taxable income.

### **Estimated General Fund revenue loss**

FY '22 \$122,050,000  
FY '23 \$131,150,000  
FY '24 \$147,050,000  
FY '25 \$155,500,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Estimated 111,500 taxpayers affected.

## **1.005 Deduction for contributions to capital construction funds.**

*36 M.R.S.A. § 5122-(2)(I)*

For income tax years beginning on or after January 1, 1991, federal adjusted gross income is reduced by the amount by which federal taxable income is reduced for vessel earnings from fishing operations contributed to a capital construction fund.

### **Reason(s) for exemption**

An incentive for taxpayers involved in fishing operations for future maintenance or replacements of fishing vessels.

### **Estimated General Fund revenue loss**

FY '22 \$172,000

FY '23 \$287,000

FY '24 \$287,000

FY '25 \$287,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Approximately 35 taxpayers.

## **1.006 Deduction for pension income.**

*36 M.R.S.A. § 5122(2)(M)*

Federal adjusted gross income is reduced by the lesser of: (1) the individual maximum amount, reduced by the individual's social security and railroad retirement benefits paid by the United States, but not less than \$0, except that the reduction does not apply to benefits paid under a military retirement plan; or (2) the aggregate of benefits under employee retirement plans and taxable distributions from individual retirement accounts included in the individual's federal adjusted gross income. The individual maximum amount is \$10,000 in tax year 2021, \$25,000 in tax year 2022, \$30,000 in tax year 2023, and \$35,000 in tax years 2024 and after.

Beginning in 2016, benefits received under a military retirement plan, including survivor benefits, are fully exempt from Maine income tax.

The deduction is available to each individual who is a primary recipient (individual upon whose earnings the employee retirement plan benefits are based or the surviving spouse of that individual) of benefits under an employee retirement plan (state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees).

### **Reason(s) for exemption**

Provide tax relief to taxpayers with pension income, particularly taxpayers with military pensions and taxpayers who do not receive social security income; also, provides some degree of equity between public and private pension providers.

### **Estimated General Fund revenue loss**

FY '22 \$33,500,000

FY '23 \$67,750,000

FY '24 \$78,300,000

FY '25 \$88,700,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 50,500 taxpayers in tax year 2021

## **1.007 Deduction for interest and dividends on Maine state and local securities by individuals.**

*36 M.R.S.A. § 5122(2)(N)*

Federal adjusted gross income is reduced by the amount of interest and dividends on obligations or securities of this state and its political subdivisions and authorities to the extent included in federal adjusted gross income.

### **Reason(s) for exemption**

Provides an incentive for investment in Maine state and local bonds.

### **Estimated General Fund revenue loss**

FY '22 \$107,000

FY '23 \$110,000

FY '24 \$113,000

FY '25 \$116,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 1,500 taxpayers



## **1.008 Deduction for Holocaust victim settlement payments.**

*36 M.R.S.A. § 5122(2)(O)*

Federal adjusted gross income is reduced by Holocaust victim settlement payments received by a Holocaust victim to the extent included in federal adjusted gross income. A Holocaust victim is an individual who died, lost property or was a victim of persecution as a result of discriminatory laws, policies or actions targeted against discrete groups of individuals based on race, religion, ethnicity, sexual orientation or national origin. "Holocaust victim" includes the spouse or a descendant of such an individual.

### **Reason(s) for exemption**

Allows the full amount of compensation received to be used by individuals compensated for holocaust injustices.

### **Estimated General Fund revenue loss**

FY '22 \$0 – \$10,000

FY '23 \$0 – \$10,000

FY '24 \$0 – \$10,000

FY '25 \$0 – \$10,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Fewer than 10 taxpayers.

# **1.009 Deduction for active duty military pay earned outside of Maine**

*36 M.R.S.A. § 5122-(2)(LL)*

For tax years beginning on or after January 1, 2014, pay received for active duty military service performed outside of Maine upon written orders is exempt. Active duty military compensation earned by a nonresident individual is fully exempt from Maine taxation, whether earned in Maine or elsewhere, by operation of federal law. See 50 U.S.C. § 571(b). The effect of the law is to further exempt from Maine taxation military compensation earned outside Maine by active duty military personnel who are residents of Maine.

## **Reason(s) for exemption**

To provide tax relief to active duty military service members who are residents of Maine.

## **Estimated General Fund revenue loss**

FY '22 \$1,780,000

FY '23 \$1,990,000

FY '24 \$2,080,000

FY '25 \$2,140,000

## **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

## **Number of taxpayers affected**

Approximately 850 taxpayers

## **1.010 Deduction for military annuity payments made to a survivor**

*36 M.R.S.A. § 5122-(2)(HH)*

To the extent included in federal adjusted gross income, annuity payments made to the survivor of a deceased member of the military who died as the result of service in active or reserve components of the United States Army, Navy, Air Force, Marines or Coast Guard under a survivor benefit plan or reserve component survivor benefit plan pursuant to 10 United States Code, Chapter 73 are exempt from Maine income tax.

### **Reason(s) for exemption**

To provide tax relief to survivors of a deceased member of the military.

### **Estimated General Fund revenue loss**

FY '22 \$162,000

FY '23 \$162,000

FY '24 \$162,000

FY '25 \$162,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Approximately 150.

# **1.011 Family Development Account proceeds**

*10 M.R.S.A. § 1077*

Individuals whose family income is below 200% of the poverty level may open a family development account in connection with an approved community development organization. Account balances and withdrawals are exempt from Maine individual income tax to the extent included in federal adjusted gross income.

## **Reason(s) for exemption**

To provide tax relief to family development account owners.

## **Estimated General Fund revenue loss**

FY '22 \$0-\$10,000

FY '23 \$0-\$10,000

FY '24 \$0-\$10,000

FY '25 \$0-\$10,000

## **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

## **Number of taxpayers affected**

Fewer than 20.

## **1.012 Municipal property tax benefits for senior citizens**

*36 M.R.S.A. § 5122-(2)(EE)*

A municipality, by ordinance, may adopt a program that permits claimants who are at least 60 years of age to earn benefits up to a maximum \$750 by volunteering to provide services to the municipality. The amount of the benefits received during the tax year are exempt from Maine individual income tax.

### **Reason(s) for exemption**

Provide tax relief for recipients of municipal property tax benefits.

### **Estimated General Fund revenue loss**

FY '22 \$0-\$10,000

FY '23 \$0-\$10,000

FY '24 \$0-\$10,000

FY '25 \$0-\$10,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Fewer than 50 taxpayers.

## **1.013 Deduction for gains on sales of eligible timberlands**

*36 M.R.S.A. § 5122-(2)(U) & § 5200-A (2)(P)*

A subtraction modification is allowed on the Maine individual income tax return equal to the applicable percentage of the gain from the sale of sustainably managed, eligible timberlands that is included in federal adjusted gross income. The applicable percentage depends on how long the eligible timberlands have been held since January 1, 2005: timberlands held for less than 10 years since 1/1/2005 are ineligible for the deduction, and timberlands held for 10 or more years receive a deduction equal to 6.67 percent plus an additional 6.67 percent for each year exceeding 10 years (but not more than 100%).

### **Reason(s) for exemption**

To provide tax relief to taxpayers who sell eligible timberlands

### **Estimated General Fund revenue loss**

FY '22 \$11,000

FY '23 \$190,000

FY '24 \$230,000

FY '25 \$250,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Fewer than 20 taxpayers.

# **1.014 Deduction for student loan payments made directly to lender by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine**

*36 M.R.S.A. § 5122-(2)(XX)*

For tax years beginning on or after January 1, 2022, an individual taxpayer may claim, to the extent included in federal adjusted gross income, the income subtraction modification for student loan payments made directly to a lender on behalf of the taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State.

## **Reason(s) for exemption**

To provide tax relief to taxpayers who have their student loans repaid by a qualifying repayment program.

## **Estimated General Fund revenue loss**

FY '22 \$0  
FY '23 \$50,000  
FY '24 \$50,000  
FY '25 \$50,000

## **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

## **Number of taxpayers affected**

Fewer than 50 taxpayers.

## **1.015 Exclusion of certain income earned by tribal members residing on tribal land**

*36 M.R.S.A. § 5122-(2)(XX) and § 5122-(2)(PP)*

For tax years beginning on or after January 1, 2023, the income and losses of tribal members and estates of tribal members residing on tribal land when the income and losses are derived from or connected with sources on tribal land is excluded from Maine Adjusted Gross Income.

### **Reason(s) for exemption**

Provide economic benefits to the tribes, their tribal lands and tribal members, to surrounding communities and to the State; and to clarify and simplify the application of the State's tax laws to the tribes, their tribal lands and tribal members.

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$45,000

FY '25 \$45,000

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

### **Number of taxpayers affected**

Unavailable



## **1.016 Deduction for contributions to a 529 Plan**

*36 M.R.S.A. § 5122-(2)(YY)*

For tax years beginning on or after January 1, 2023, eligible taxpayers can deduct contributions of up to \$1,000 per beneficiary to a qualified tuition plan established under Section 529 of the Internal Revenue Code. Eligibility for the deduction is limited to taxpayers whose federal adjusted gross income is \$100,000 or less if filing single or married filing separately or \$200,000 or less if married filing jointly or head of household.

### **Reason(s) for exemption**

Provide additional incentives to contribute to a 529 plan

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$950,000

FY '25 \$997,500

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

### **Number of taxpayers affected**

Unavailable

## **1.017 Itemized deductions.**

*36 M.R.S.A. § 5125*

An individual who has claimed itemized deductions from federal adjusted gross income in determining the individual's federal taxable income for the taxable year may claim itemized deductions from Maine adjusted gross income.

The sum of an individual's itemized deductions is: (1) reduced by any state income or sales tax; (2) increased by any interest or expense incurred in the production of the individual's Maine income that was not deducted in determining the individual's federal taxable income; (3) reduced by any amount of deduction attributable to income taxable to financial institutions; (4) reduced by any amount attributable to interest or expenses incurred in the production of income exempt from tax; and (5) reduced by any amount included in the basis of the family development account reserve fund credit.

For tax years beginning in 2018 the federal itemized deduction for all state and local taxes is limited to \$10,000. Taxpayers can add back any real estate and personal property taxes that are excluded from federal itemized deductions because of this limit.

Itemized deductions, except for the deduction for medical expenses, are subject to a cap that is adjusted for inflation. In tax year 2022 the cap is \$31,150.

For tax years beginning after 2016, itemized deductions are reduced for high-income taxpayers. In 2022 itemized deductions for single taxpayers are reduced in a straight line between \$85,850 and \$160,850 of Maine adjusted gross income; these thresholds are multiplied by two for married taxpayers filing jointly and 1.5 for head of household taxpayers.

### **Reason(s) for exemption**

Generally provides conformity to federal individual tax law. Conformity reduces filing errors, increases compliance and keeps Maine taxes competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$8,150,000

FY '23 \$7,150,000

FY '24 \$7,550,000

FY '25 \$7,650,000

### **Methods used to calculate the revenue loss**

Estimate is based on the Maine Revenue Services individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 19,000 taxpayers

# **1.018 Additional standard deduction for the blind and elderly.**

*36 M.R.S.A. § 5124-A*

For tax years beginning in 2020, taxpayers who are blind may take an additional \$1,650 standard deduction if single, or \$1,300 if married. The additional standard deduction is subject to the same phase out as the regular standard deduction and itemized deductions.

## **Reason(s) for exemption**

Provide tax relief for the elderly and blind.

## **Estimated General Fund revenue loss**

FY '22 \$10,900,000

FY '23 \$9,350,000

FY '24 \$9,800,000

FY '25 \$10,050,000

## **Methods used to calculate the revenue loss**

Estimate is based on data from Maine Revenue Services individual income micro-simulation tax model.

## **Number of taxpayers affected**

Approximately 97,000 taxpayers affected.

## **1.019 Deduction for exempt associations, trusts and organizations.**

*36 M.R.S.A. § 5162(2)*

An association, trust or other unincorporated organization which by reason of its purposes or activities is exempt from federal income tax is exempt from Maine income tax except with respect to its unrelated business taxable income.

### **Reason(s) for exemption**

Conforms to federal tax law and provides tax benefits to charitable and benevolent organizations.

### **Estimated General Fund revenue loss**

FY '22 \$0 – \$50,000

FY '23 \$0 – \$50,000

FY '24 \$0 – \$50,000

FY '25 \$0 – \$50,000

### **Methods used to calculate the revenue loss**

Revenue loss is estimated as a range of possible values because little or no data is available.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.020 Deduction for interest and dividends on U.S., Maine state and local securities.**

*36 M.R.S.A. §§ 5200-A-(2)(K)*

The taxable income of a taxpayer under the laws of the United States is reduced by the amount of interest or dividends on obligations or securities of the United States, this state and its political subdivisions and authorities to the extent included in federal taxable income.

### **Reason(s) for exemption**

Provides an incentive for corporations to invest in federal, Maine state and local obligations.

### **Estimated General Fund revenue loss**

FY '22 \$20,000 - \$100,000

FY '23 \$20,000 - \$100,000

FY '24 \$20,000 - \$100,000

FY '25 \$20,000 - \$100,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data. A range is used because data on this line includes income that Maine is prohibited from taxing under federal law.

### **Number of taxpayers affected**

Uncertain

## **1.021 Deduction for Maine Space Corporation bond interest**

*5 M.R.S.A. §§ 13207*

Interest income from Maine Space Corporation bonds is exempt from Maine income tax.

### **Reason(s) for exemption**

Reduce the cost of capital for the Maine Space Corporation

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$0 - \$10,000

FY '25 \$0 - \$10,000

## **1.022 Exemption for certain out-of-state suppliers of spirits sold to the Bureau of Alcoholic Beverages and Lottery Operations.**

### ***36 M.R.S. § 5202-D***

For tax years beginning on or after January 1, 2022, a person (corporation, pass-through entity, individual, etc.) domiciled in a state other than Maine that approves, from a location outside Maine, orders of spirits placed by the Maine Bureau of Alcoholic Beverages and Lottery Operations (BABLO) or an agent or contractor of BABLO, may not be considered to have sufficient nexus to subject the person to Maine income tax, including the pass-through entity withholding, based *solely* on the following in-state activities:

- the sale of spirits to BABLO, even if the amount of the sales exceeds the nexus thresholds in Title 36, section 5200-B, subsection 1;
- the shipment of spirits from outside Maine to any warehouse operated or used by BABLO or to another facility as directed by BABLO;
- the storage of spirits at any warehouse operated by or used by BABLO or at another facility as directed by BABLO, even if the value of those spirits exceeds the nexus thresholds in Title 36, section 5200-B, subsection 1; or,
- any other activity required by BABLO to facilitate fulfillment of its orders of spirits.

Spirits manufactured or produced outside the State and shipped into the State pursuant to an order for spirits from BABLO do not, when the order is approved outside the State, become subject to Maine income tax solely as a result of a delay in transfer of title of those spirits to BABLO.

### **Reason(s) for exemption**

Provide tax relief for non-Maine liquor manufacturers who only have nexus with Maine because of certain requirements of BABLO

### **Estimated General Fund revenue loss**

FY '22 \$0  
FY '23 \$366,000  
FY '24 \$397,000  
FY '25 \$409,000

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## 1.023 Sales Tax Fairness Credit.

36 M.R.S.A. § 5213-A

For tax years beginning on or after January 1, 2016, low- and middle-income residents are allowed a refundable sales tax fairness credit. In 2022, the maximum credit, known as the “base credit,” is given by the following table:

Base Credit Amount	Filing status/Dependents
\$130	Single
\$185	Married Joint (0 dependents), Head of household (<=1 dependents)
\$210	Married Joint (1 dependent), Head of household (2 dependents)
\$240	Married Joint (2+ dependents), Head of household (3+ dependents)
\$0	Married separate

In 2022 the credit is reduced by \$20 for every \$1,000 of income above \$21,850 for taxpayers filing single, \$32,800 for taxpayers filing as heads of household and \$43,700 for taxpayers filing married joint returns. The phaseout income thresholds are adjusted annually for inflation. Income for purposes of the credit is equal to federal total income as reported on the individual’s federal income tax return increased by nontaxable social security and railroad retirement benefits, tax exempt interest and certain business and capital losses.

The credit does not apply to married individuals filing separate returns, “safe-harbor” residents, and individuals who are incarcerated.

### **Reason(s) for exemption**

Provide targeted sales tax relief to offset the regressivity of the Maine sales and use tax.

### **Estimated General Fund revenue loss**

FY ‘22 \$26,288,000

FY ‘23 \$28,884,000

FY ‘24 \$28,067,000

FY ‘25 \$30,162,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 223,700 taxpayers in tax year 2021



## **1.024 Credit to beneficiary for accumulation distribution.**

*36 M.R.S.A. § 5214-A*

A beneficiary of a trust whose adjusted gross income includes all or part of an accumulation distribution by that trust is allowed a credit against the tax for all or a proportionate part of any tax paid by the trust on that income in any preceding taxable year which would not have been payable if the trust had in fact made distribution to its beneficiaries.

### **Reason(s) for exemption**

Eliminates double taxation of income on which a trust has already paid the Maine income tax in a prior tax year.

### **Estimated General Fund revenue loss**

FY '22 \$0 – \$50,000

FY '23 \$0 – \$50,000

FY '24 \$0 – \$50,000

FY '25 \$0 – \$50,000

### **Methods used to calculate the revenue loss**

Revenue loss is estimated as a range of possible values because little or no data is available.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.025 Seed capital investment tax credit.**

*36 M.R.S.A. § 5216-B*

The credit is available for investment in new or recent business ventures. For investments made in 2014 and prior to April 1, 2020, the credit rate is 50% for all investors. The credit rate is 40% for investments made on or after April 1, 2020.

FAME issues a certificate to investors to claim the credit and certificates are subject to an annual cap of \$675,000 in 2014, \$4,000,000 in 2015, \$5,000,000 for calendar years 2015 to 2019, \$15 million for calendar years 2020 to 2026, and \$5 million for calendar years 2027 and later.

Investments may be used for fixed assets, research or working capital. Beginning April 1, 2020 aggregate investment up to \$3,500,000 per business (\$2 million per calendar year) is eligible; the prior cumulative investment limit was \$5 million per business. The investment must be at risk for 5 years. Investors must own less than 50% of the business and immediate relatives of principal owners are not eligible. An eligible investment is an investment in a business that: a) is located in Maine; b) has gross sales of \$3,000,000 or less per year (\$5,000,000 or less per year for investments in 2014 and later); c) is the full-time, professional activity of at least one of the principal owners; and d) is a manufacturer, value-added natural resource enterprise, or a product or service provider with 60% of sales derived from outside the state or to out-of-state residents, is engaged in developing or applying advanced technologies or is a certified visual media production company.

25% of the authorized credit may be used for each tax year beginning with the tax year during which the investment was made. The credit is limited to 50% of income tax liability, except the credit for investments made by a venture capital fund after 2011 is fully refundable. Unused credits may be carried over for up to 15 years.

### **Reason(s) for exemption**

Provides an incentive for investment in small businesses in Maine.

### **Estimated General Fund revenue loss**

FY '22 \$4,903,000

FY '23 \$5,209,000

FY '24 \$5,240,000

FY '25 \$4,918,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and credit certificates issued.

### **Number of taxpayers affected**

Approximately 230 taxpayers

## 1.026 Student Loan Repayment Credit

36 M.R.S.A. § 5217-E

For tax years beginning on or after January 1, 2022, qualified individuals are eligible for a refundable student loan repayment tax credit (SLRTC) equal to 100% of student loan payments for eligible loans up to \$2,500. Eligible loans are part of financial aid package, which can include private loans, borrowed for attendance at a certified college at which the student obtained a degree in 2008 or later. Qualified individuals are resident individuals who obtained a postsecondary degree after 2007 and have earned income equal to at least the minimum wage multiplied by 936. A \$25,000 lifetime cap applies to the SLRTC for each qualified individual.

The SLRTC replaces the credit for educational opportunity (EOTC), which can no longer be claimed starting in 2022. The student loan repayment credit incorporates two forms of transition relief for prior EOTC claimants:

- (1) Taxpayers who were eligible for a refundable EOTC in 2019, 2020, or 2021 may elect to increase the SLRTC cap from \$2,500 to \$3,500 in either 2022 or 2023. The credit claimed in excess of \$2,500 does not apply against the \$25,000 lifetime cap.
- (2) Unused EOTC credits earned between 2012 and 2021 that can be carried forward can be claimed as part of the SLRTC through 2026.

### **Reason(s) for exemption**

Provide financial relief for college graduates with education debt and encourage college graduates to live and work in Maine.

### **Estimated General Fund revenue loss**

FY '22 \$0  
FY '23 \$45,040,000  
FY '24 \$69,605,000  
FY '25 \$75,660,000

The total revenue loss from the credit for educational opportunity in tax year 2021 was approximately \$21.9 million.

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature that has been adjusted to incorporate development in federal student loan repayment relief.

### **Number of taxpayers affected**

Unavailable

## **1.027 Employer support for volunteer firefighters and volunteer municipal emergency medical services persons tax credit.**

*36 M.R.S.A. § 5217-F*

For tax years beginning on or after January 1, 2022, an employer who permits employees who are volunteer firefighters or volunteer municipal emergency medical services persons to be absent from work for firefighting or emergency response activities without a reduction in pay is eligible for an income tax credit. The credit is equal to the compensation that is paid to the employee at the employee's regular rate of pay while the employee is away from work due to firefighting or emergency response during the tax year. The credit may not exceed the tax liability of the taxpayer.

### **Reason(s) for exemption**

Support recruitment and retention of volunteer firefighters and emergency medical responders

### **Estimated General Fund revenue loss**

FY '22 \$0  
FY '23 \$335,000  
FY '24 \$335,000  
FY '25 \$335,000

### **Methods used to calculate the revenue loss**

Support recruitment and retention of volunteer firefighters and emergency medical responders

### **Number of taxpayers affected**

Estimate is based on analysis provided to the Legislature.

## **1.028 Income tax credit for child care expenses.**

*36 M.R.S.A. § 5218*

An individual taxpayer is allowed a credit for expenses incurred for the care of a child or a dependent during the year, while the taxpayer worked or looked for work. The credit is 25% of the allowable federal tax credit, or 50% of the allowable federal tax credit with respect to quality child care services. The credit is refundable up to \$500. For tax years beginning in 2016, the credit is no longer refundable for nonresident taxpayers.

“Quality child-care services” is defined as services provided at child-care sites that meet minimum licensing standards and are accredited by an independent, nationally recognized program approved by the Department of Health and Human Services (“DHHS”), Office of Child Care and Head Start. The service provider must utilize recognized quality indicators for child-care services approved by DHHS, Office of Child Care and Head Start and include provisions for parent and client input, review of the provider’s policies and procedures, program records and an on-site program review.

Several changes to the federal tax credit in tax year 2021 increased its generosity and Maine conformed to the federal changes, resulting in a temporary increase in the Maine tax credit. The federal changes expired after 2021.

### **Reason(s) for exemption**

Helps taxpayers to be gainfully employed by providing tax relief for working parents, especially lower income, single parents.

### **Estimated General Fund revenue loss**

FY ‘22 \$13,240,000

FY ‘23 \$4,110,000

FY ‘24 \$4,110,000

FY ‘25 \$4,110,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 25,000 taxpayers affected.

## **1.029 Adult Dependent Care Credit.**

*36 M.R.S.A. § 5218-A*

For tax years beginning on or after January 1, 2016, eligible taxpayers are allowed to claim a tax credit equal to 5% – 8.75% of adult dependent care expenses paid for adult day care, hospice services and respite care during the taxable year to the extent the expenses are not used to calculate the federal child and dependent care credit. The credit percentage depends on federal adjusted gross income.

The dependent care expenses that may be used to calculate the credit are limited to \$3,000 for one qualifying individual or \$6,000 for two or more qualifying individuals. The credit is refundable up to \$500.

### **Reason(s) for exemption**

Provide tax relief for taxpayers with adult dependent care expenses

### **Estimated General Fund revenue loss**

FY '22 \$38,000

FY '23 \$38,000

FY '24 \$38,000

FY '25 \$38,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Approximately 140 taxpayers.

## **1.030 Research expense tax credit.**

*36 M.R.S.A. § 5219-K*

An income tax credit is allowed for investment in research and development. The credit is equal to 5% of the excess, if any, of the qualified research expense for the taxable year over the average spent by the taxpayer on qualified research during the three prior tax years, plus 7.5% of the basic research payments made during the taxable year. The total taxpayer credit claimed may not reduce the taxpayer's tax liability for any tax year to less than zero. The credit is limited to research expenses incurred in Maine.

### **Reason(s) for exemption**

Provides an incentive to encourage Maine businesses to invest in research and development in Maine.

### **Estimated General Fund revenue loss**

FY '22 \$2,630,000

FY '23 \$2,940,000

FY '24 \$3,090,000

FY '25 \$3,240,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data.

### **Number of taxpayers affected**

Approximately 175 taxpayers affected.

## **1.031 Earned income credit.**

*36 M.R.S.A. § 5219-S*

For tax years beginning in 2016 to 2019, a taxpayer is allowed a credit equal to 5% of the federal earned income credit the credit is refundable for Maine residents.

For tax years beginning in 2020 and after, eligibility for the Maine earned income credit is also extended to childless taxpayers aged 18 to 24 who are ineligible for the Federal earned income credit solely due to their age. Their Maine credit is based on the Federal EITC that the taxpayer would have received if eligible.

For tax years beginning in 2020 the credit rate increases to 12% for taxpayers with a qualifying child and 25% for taxpayers without a qualifying child.

For tax years beginning in 2021 the credit rate is 20% for all taxpayers. In 2021 there was a temporary expansion of the federal credit that expired at the end of the year.

For tax years beginning in 2022 and later, the credit is 25% for taxpayers with a qualifying child and 50% for taxpayers without a qualifying child.

### **Reason(s) for exemption**

Creates incentive for individuals to enter the workforce. It raises the after-tax income of lower and moderate-income families, especially those with dependents.

### **Estimated General Fund revenue loss**

FY '22 \$31,040,000

FY '23 \$38,680,000

FY '24 \$40,190,000

FY '25 \$44,750,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model. The estimate is net of the transfer of TANF funds that partially offsets the General Fund loss. Without this transfer, the General Fund revenue loss would be approximately \$48.3 million in fiscal year 2024 and \$52.8 million in fiscal year 2025.

### **Number of taxpayers affected**

Approximately 123,500 taxpayers in tax year 2021



## **1.032 Pine Tree Development Zone tax credit.**

*36 M.R.S.A. § 5219-W and § 2529*

The credit is available to certain businesses that expand or begin operations in most areas of the state. The credit allowed is 100% of the tax liability for the first five years and, for businesses located in a tier 1 location, 50% of the tax for each tax year six through ten. A business located in York or Cumberland County but not in a tier 1 Pine Tree Zone location could be certified as a qualified Pine Tree Zone business between January 1, 2010 and December 31, 2013 and receive the 100% income tax credit for the first five years. Only the tax associated with qualified business activity is eligible for the credit.

The credit may also be claimed against the tax on insurance premiums that are attributable to a qualified business activity. The credit allowed is 100% of the tax liability for the first five years and, for businesses located in a tier 1 location, 50% of the tax for each tax year six through ten.

### **Reason(s) for exemption**

Provides an incentive for economic development in Maine.

### **Estimated General Fund revenue loss**

FY '22 \$5,380,000

FY '23 \$5,280,000

FY '24 \$5,510,000

FY '25 \$4,740,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Approximately 65 taxpayers

## **1.033 Biofuel commercial production and commercial use credit.**

*36 M.R.S.A. § 5219-X*

A taxpayer engaged in the production of biofuels in Maine who has received certification from the Commissioner of Environmental Protection is allowed a credit against tax imposed on income derived during the taxable year from the production of biofuel. The credit is equal to five cents per gallon of certified liquid biofuel or gaseous biofuel. The credit may not reduce the taxpayer's liability to less than zero, but unused credits may be carried over to the next succeeding five taxable years.

The credit expired in 2015 and is reinstated for tax years beginning on or after January 1, 2021.

### **Reason(s) for exemption**

Provides an incentive to produce biofuels in the state.

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$0 - \$50,000

FY '25 \$0 - \$50,000

### **Number of taxpayers affected**

Unavailable

## **1.034 Tax benefits for media production companies.**

*36 M.R.S.A. § 5219-Y, c. 919-A*

For tax years starting on or after January 1, 2006, a media production company that intends to undertake a media production in Maine may apply to the Department of Economic and Community Development to have the production, or a portion of the production, certified for purposes of claiming the media production reimbursement pursuant to 36 M.R.S.A., chapter 919-A and the income tax credit under 36 M.R.S.A., § 5219-Y. A qualified media production company is allowed a reimbursement equal to 12% of certified production wages paid to employees who are residents of Maine and 10% of certified production wages paid to other employees. The tax credit, equal to 5% of qualified expenses, may not reduce the tax otherwise due to less than zero and may be used only in the year in which the certified media production income is generated. Taxpayers claiming the Pine Tree Development Zone credit are not eligible for this credit.

### **Reason(s) for exemption**

Provides an incentive for media production activity in the State.

### **Estimated General Fund revenue loss**

FY '22 \$339,000  
FY '23 \$1,050,000  
FY '24 \$860,000  
FY '25 \$860,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from Maine Revenue Services data.

### **Number of taxpayers affected**

Fewer than 10 taxpayers affected.

## **1.035 Credit for rehabilitation of historic properties.**

*36 M.R.S.A. § 5219-BB*

The credit is equal to 25% of qualified expenditures for which a federal credit is claimed under the Code § 47 or for which a federal credit is not claimed, but qualified expenditures are between \$50,000 and \$250,000. The credit must exclude expenditures incurred after 2025. Certain affordable housing projects may qualify for an enhanced credit (34% in 2019 and 2020). The credit must be taken in 25% increments over four years. For tax years beginning after 2013, the credit is limited to \$5 million for each portion of the certified rehabilitation or for each building that is a component part of a certified historic structure for which a credit is claimed.

### **Reason(s) for exemption**

Designed to enlist private funds for the rehabilitation of historic properties. The credit helps reduce the cost of these projects.

### **Estimated General Fund revenue loss**

FY '22 \$7,964,000  
FY '23 \$9,030,000  
FY '24 \$11,127,000  
FY '25 \$12,645,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse and data provided by the Maine Historic Preservation Commission.

### **Number of taxpayers affected**

Approximately 30 individual and corporate taxpayers are affected.

## **1.036 Dental care access credit.**

*36 M.R.S.A. § 5219-DD*

Dentists certified as eligible for this credit by the Department of Health and Human Services, Oral Health Program (“OHP”) may claim a nonrefundable credit on their individual income tax return. OHP may certify up to 5 eligible dentists in each year between 2009 and 2011, up to 6 dentists in each year 2012 through 2015, and up to 6 dentists each year between 2018 and 2022. To be eligible, the dentist must be licensed by Maine and must agree to practice in an underserved area of Maine for at least 5 years.

The credit may be claimed beginning the first year the dentist meets the conditions of eligibility for at least 6 months and each of the 4 subsequent years if they retain eligibility. For dentists certified prior to 2012, the credit may not exceed \$15,000 per year. For dentists certified from 2012 to 2015, the credit may not exceed \$12,000 per year. For dentists certified in 2018 and later, the credit may not exceed \$6,000 in the first year, \$9,000 in the second year, \$12,000 in the third year, \$15,000 in the fourth year, and \$18,000 in the fifth year.

### **Reason(s) for exemption**

Provides an incentive for dentists to locate their practice in underserved areas of the state.

### **Estimated General Fund revenue loss**

FY ‘22 \$92,000  
FY ‘23 \$133,000  
FY ‘24 \$161,000  
FY ‘25 \$119,000

### **Methods used to calculate the revenue loss**

Analysis of the history of certifications and credit claims.

### **Number of taxpayers affected**

Fewer than 15 in 2019.

## **1.037 Innovation finance credit.**

*36 M.R.S.A. § 5219-EE*

The Finance Authority of Maine (“FAME”) is authorized to oversee a state innovation finance program that facilitates investment by the Maine Public Employees Retirement System (“MainePERS”) in venture capital funds for innovative businesses. FAME may issue refundable tax credits to MainePERS sufficient to offset 80% (up to \$4,000,000) of the cost of each single commitment in a venture capital fund in the event of realized losses in value. Reimbursement for any such losses is capped at a maximum aggregate of \$20,000,000. Maine Revenue Services administers the tax credit provisions. Effective July 12, 2010.

### **Reason(s) for exemption**

Encourages MainePERS to invest in innovative businesses.

### **Estimated General Fund revenue loss**

FY ‘22 \$0 - \$4,000,000

FY ‘23 \$0 - \$4,000,000

FY ‘24 \$0 - \$4,000,000

FY ‘25 \$0 - \$4,000,000

### **Methods used to calculate the revenue loss**

This credit has never been utilized.

## **1.038 Credit for Wellness Programs.**

*36 M.R.S.A. § 5219-FF*

Beginning in 2014, a taxpayer constituting an employing unit with 20 or fewer employees on an average monthly basis during the taxable year is allowed a credit for qualified wellness program expenditures made during the taxable year.

A wellness program is defined as a program instituted by an employing unit that improves employee health, morale and productivity, including, without limitation:

- (1) Health education programs;
- (2) Behavioral change programs, such as counseling or seminars or classes on nutrition, stress management or smoking cessation; and
- (3) Incentive awards to employees who engage in regular physical activity.

The credit per tax year for each taxpayer is limited to \$100 per employee or \$2,000, whichever is less. The credit is not refundable and any unused credit amount may be carried over for 5 years.

### **Reason(s) for exemption**

Encourage small employers to establish wellness programs.

### **Estimated General Fund revenue loss**

FY '22 \$2,700  
FY '23 \$0 - \$10,000  
FY '24 \$0 - \$10,000  
FY '25 \$0 - \$10,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Fewer than 10

## **1.039 New Markets Capital Investment Credit.**

*36 M.R.S.A. § 5219-HH*

A person making a qualified equity investment in a low-income community business is allowed a credit equal to 39% of the investment. The credit is taken over seven years, with 0% allowed in the first two years, 7% allowed in year three and 8% allowed in each of years four through seven. The credit is fully refundable, or the taxpayer may elect to carry any unused portion of the credit forward for up to 20 years. Certain recapture provisions apply. Applies to tax years beginning on or after January 1, 2012.

### **Reason(s) for exemption**

Encourage new investment in Maine.

### **Estimated General Fund revenue loss**

FY '22 \$4,239,994

FY '23 \$3,645,347

FY '24 \$3,679,550

FY '25 \$2,973,883

### **Methods used to calculate the revenue loss**

Analysis of credit claims and credit certificates issued to date.

### **Number of taxpayers affected**

Fewer than 10 taxpayers



# 1.040 Property Tax Fairness Credit.

36 M.R.S.A. § 5219-KK

A refundable tax credit for property taxes and rent paid is available. The credit equals:

Benefit base – Income \* Threshold Percentage

where the benefit base equals property taxes paid plus 15% of rent, up the benefit base limit, and the credit cannot exceed the credit maximum or be below zero. A recent history of the income thresholds and maximum credits is shown in the table below:

Tax Year	Income Threshold	Credit Maximum (Under 65 / 65 and older)
2019	6%	\$750 / \$1,200
2020	5%	\$750 / \$1,200
2021	5%	\$1,000 / \$1,500
2022 and later	4%	\$1,000 / \$1,500

In tax year 2022, the benefit base caps are \$2,200 for single taxpayers, \$2,800 for a married joint taxpayer without dependents or head of household taxpayer with no more than one dependent, and \$3,450 for married taxpayers with dependents and head of household taxpayers with two or more dependents. Married filing separately taxpayers cannot claim the credit.

The income measure used to calculate the credit is generally Federal Adjusted Gross income plus 1) all federal “above-the-line” deductions; 2) tax-exempt Social Security income; 3) tax-exempt interest; 4) net business and capital losses included in Federal Adjusted Gross income.

## **Reason(s) for exemption**

Provide targeted property tax relief to Maine homeowners and renters.

## **Estimated General Fund revenue loss**

FY ‘22 \$47,253,000

FY ‘23 \$72,024,000

FY ‘24 \$70,055,000

FY ‘25 \$74,453,000

## **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse & the individual income micro-simulation tax model.

## **Number of taxpayers affected**

Approximately 87,000 taxpayers in tax year 2021

## **1.041 Primary care access credit.**

*36 M.R.S.A. § 5219-LL*

To qualify for the credit, a primary care professional must be certified by the Department of Health and Human Services and agree to practice full time for at least 5 years in an underserved area. The Department of Health and Human Services may certify up to 5 primary care professionals each year prior to 2018 and up to 10 primary care professionals beginning in 2018. The credit applies to tax years beginning on or after January 1, 2014.

The credit is equal to the annual payments made on a student loan for course work directly related to that person's training in primary care medicine. The credit may be claimed in the first year that the eligible primary care professional meets the conditions of eligibility for at least 6 months, and each of the four subsequent years. The credit is limited to \$6,000 in the first year of eligibility, \$9,000 in the second year, \$12,000 in the third year, \$15,000 in the fourth year and \$18,000 in the fifth year. The credit may not reduce the tax otherwise due to less than zero.

### **Reason(s) for exemption**

Encourage primary care professionals to provide services in underserved areas.

### **Estimated General Fund revenue loss**

FY '22 \$85,000

FY '23 \$159,000

FY '24 \$182,000

FY '25 \$206,000

### **Methods used to calculate the revenue loss**

Analysis of credit claims and certifications to date.

### **Number of taxpayers affected**

10 in tax year 2021.

## 1.042 Maine Capital Investment Credit.

36 M.R.S.A. § 5219-NN

Taxpayers are allowed a credit based on federal bonus depreciation for eligible property placed in service in Maine.

The credit base equals the bonus depreciation addition modification required under 36 M.R.S. § 5122(1)(KK)(1) related to property placed in service in Maine and used in Maine continuously for at least 12 months following the date the property is placed in service. This amount represents the net increase in the federal depreciation deduction due to bonus depreciation. The credit does not apply to the Maine financial institutions franchise tax and is prohibited with respect to certain property.

For individual taxpayers, the credit percentage is 7% for tax years beginning after 2014 and before 2020 and 1.2% for tax years beginning in 2020 and later. For corporate taxpayers, the credit percentage is 9% for tax years beginning after 2014 and before 2020 and 1.2% for tax years beginning in 2020 and later.

For credits claimed on investments occurring in tax years 2020 and later, taxpayers can recapture the disallowed federal depreciation that represents the credit base in future tax years. For the credit in earlier years, taxpayers are prohibited from recapturing the depreciation addback in future tax years.

Any unused portion of the credit may be carried forward to the following year or years for a period not to exceed 20 years.

The TCJA increased bonus depreciation to 100% for property placed in service after 9/27/2017 and expanded the definition of qualified property to include used equipment. Bonus depreciation is scheduled to phase down beginning in 2023.

The General Fund revenue loss reported below represents the estimated revenue impact of tax credits for investments occurring in tax years 2020 and later. Credit-eligible investments made prior to tax year 2020 impact tax liability after 2019 in two ways: 1) Increase revenue by reducing depreciation deductions below what they would have been without the credit, and 2) Reduce revenue due to credit carryforwards. In tax year 2020 the credit, ignoring the impact of prior-year credits on 2020 depreciation, reduced tax liability by approximately \$13.3 million

### **Reason(s) for exemption**

Encourage investment in Maine

### **Estimated General Fund revenue loss for credits first claimed in tax year 2020 and later**

FY '22 \$5,110,000  
FY '23 \$6,060,000  
FY '24 \$5,830,000  
FY '25 \$4,910,000

**Methods used to calculate the revenue loss**

Analysis based on history of credit claims and carryforwards.

**Number of taxpayers affected**

Approximately 4,000 taxpayers

## **1.043 Credit for disability income protection plans in the workplace.**

*36 M.R.S.A. § 5219-00*

For tax years beginning on or after January 1, 2017, a credit against income tax is allowed for employers providing either a qualified short-term disability income protection plan or a qualified long-term disability income protection plan. The credit is equal to \$30 per employee enrolled in a plan after January 1, 2017 who was not covered under a disability income protection plan offered by the employer in the tax year immediately preceding the year in which the credit is first available. The credit must be taken in the first year the employer becomes eligible to claim the credit and may be claimed for up to 3 consecutive tax years. The credit is limited to the tax liability of the taxpayer and any unused credit may not be carried back or forward to any other tax year. Expenditures used to calculate the credit that are also used as an expense in calculating federal adjusted gross income must be added back to income through a Maine addition modification.

### **Reason(s) for exemption**

Encourage employers to offer disability insurance policies with automatic enrollment.

### **Estimated General Fund revenue loss**

FY '22 \$2,250

FY '23 \$0 - \$10,000

FY '24 \$0 - \$10,000

FY '25 \$0 - \$10,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Fewer than 10 taxpayers in 2021.

## **1.044 Credit for certain homestead modifications.**

*36 M.R.S.A. § 5219-PP*

For tax years beginning on or after January 1, 2017, a credit against income tax is allowed for taxpayers whose federal adjusted gross income is not more than \$55,000. The credit is equal to the lesser of \$9,000 or the applicable percentage (up to 100%) of qualified expenses incurred for certain home modifications to make a homestead accessible to an individual with a disability or physical hardship. Qualified expenditures must be certified by the Maine State Housing Authority. The credit is limited to the tax liability of the taxpayer and carryforward provisions apply.

### **Reason(s) for exemption**

Necessity of life

### **Estimated General Fund revenue loss**

FY '22 \$8,500

FY '23 \$8,500

FY '24 \$8,500

FY '25 \$8,500

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Approximately 20 taxpayers.

## **1.045 Credit for major business headquarters expansions**

*36 M.R.S.A. §5219-QQ*

A refundable tax credit is available to businesses headquartered in Maine that meet certain employment and investment thresholds. A business must be certified by the Commissioner of Economic Development to receive the credit. Certification requires 1) The applicant's headquarters are or will be located in the State; (2) The applicant employs at least 5,000 full-time employees worldwide of which at least 25% are or will be based in this State; (3) The applicant has business locations in at least 3 other states or foreign countries; and (4) The applicant intends to make a qualified investment in Maine within 5 years following the date of the application. A qualified investment means an investment of at least \$35,000,000 to design, permit, construct, modify, equip or expand the applicant's headquarters in the State. Qualified investments must occur after receiving a certificate of approval and before December 31, 2022. The commissioner may not issue certificates of approval that total, in the aggregate, more than \$100,000,000 of qualified investment or any individual certificate of approval for more than \$40,000,000 of qualified investment.

The credit begins in the year the applicant receives a certificate of completion from the Commissioner of Economic Development, but not before 2020. The credit equals 2% of qualified investments, is available for 20 consecutive tax years, and the cumulative credit is limited to \$16 million per certificate. To receive the credit applicant must meet certain targets for employment growth.

### **Reason(s) for exemption**

Provide an incentive to make the investments subsidized by the credit.

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$764,000

FY '24 \$760,000

FY '25 \$760,000

## **1.046 Shipbuilding facility credit.**

*36 M.R.S.A. § 5219-RR*

A nonrefundable income tax credit is available to shipbuilders who meet employment and investment thresholds. Applicants must be certified by the Commissioner of Economic Development to receive the credit. Certification requires, among other things, that the applicant employs at least 5,000 qualified workers and does not receive Pine Tree Zone or ETIF benefits. The credit equals \$3 million per year beginning in the year when cumulative qualified investments from January 1, 2018 onwards exceed \$100,000,000, or 2020, whichever is later. The credit can be increased up to \$3.5 million, but not more than 3% of post-2017 cumulative investment, if the applicant satisfies certain employment thresholds. The credit is reduced if qualified employment falls below 5,500, and taxpayers with qualified employment below 4,000 cannot claim the credit. Unused credits cannot be carried forward.

Taxpayers may claim the credit for 10 consecutive years. This limitation is extended to 15 consecutive tax years if the taxpayer makes an additional \$100 million investment.

The former Shipbuilding facility credit (Chapter 919) has expired.

### **Reason(s) for exemption**

Encourages major investment in shipbuilding projects in Maine.

### **Estimated General Fund revenue loss**

FY '22 \$2,865,000

FY '23 \$3,087,500

FY '24 \$3,087,500

FY '25 \$3,087,500

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

### **Number of taxpayers affected**

Fewer than 5 taxpayers affected.



# 1.047 Employer Credit for Family and Medical Leave

36 M.R.S.A. §5219-(UU) and §2536

For tax years beginning on or after January 1, 2018, a person is allowed a credit against the tax otherwise due under this chapter in an amount equal to the federal employer credit for paid family and medical leave allowed to that person under the Internal Revenue Code, Section 45 as a result of wages paid to employees based in the State during the taxable year.

The credit allowed under this section may not reduce the tax otherwise due under this chapter to less than zero. The credit may not be carried forward or carried back to any other tax year.

The federal credit equals 12.5% of the amount of wages paid to qualifying employees during any period in which such employees are on family and medical leave (“FMLA”) if the rate of payment under the program is 50% of the wages normally paid to an employee. The credit is increased by 0.25 percentage points (but not above 25%) for each percentage point by which the rate of payment exceeds 50%.

The federal credit is scheduled to expire at the end of 2025.

## **Reason(s) for exemption**

Provide tax benefits to employers that provide paid family and medical leave

## **Estimated General Fund revenue loss**

FY ‘22 \$10,000  
FY ‘23 \$40,000  
FY ‘24 \$40,000  
FY ‘25 \$40,000

## **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

## **Number of taxpayers affected**

Fewer than 10 taxpayers.

## **1.048 Credit for major food processing and manufacturing facility expansion.**

*36 M.R.S.A. § 5219-VV*

A refundable income tax credit may be claimed by a qualified business for the construction, or expansion of, a food processing and manufacturing facility, plant or mill in Maine that processes, produces and manufactures food from agricultural products primarily grown and harvested in Maine. A qualified business must be certified by DECD and must: 1) have been headquartered in Maine for a period of at least 5 years prior to applying for a certificate of approval; 2) make a qualified investment of at least \$35,000,000 within 5 years of applying for a certificate of approval; 3) pay an annual income derived from employment to at least 75% of its employees that exceeds the annual per capita personal income in the county where the facility is located; and 4) employ at least 40 full-time employees in the State over the base level of employment for each of the first three years for which the credit is claimed (60 full-time employees each year after the third year of claiming the credit). The credit must be claimed over a period of 20 years beginning with the first full tax year following the year the taxpayer receives a certificate of completion or the tax year beginning January 1, 2022, whichever is later. The annual credit amount is equal to 1.8% of the taxpayer's qualified investment. A credit is not allowed for any tax year following two consecutive tax years during which the certified applicant's ordinary business income was not between \$5,500,000 and \$12,000,000. The aggregate credit allowed with respect to each certificate may not exceed \$34,000,000. Additional restrictions and recapture provisions apply.

### **Reason(s) for exemption**

Encourages major investment in food processing and manufacturing facilities.

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '22 \$0

FY '24 \$1,453,500

FY '25 \$1,453,500

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

### **Number of taxpayers affected**

Fewer than 5 taxpayers affected.

## **1.049 Credit for affordable housing.**

*36 M.R.S.A. § 5219-WW*

A taxpayer receiving a tax credit certificate for the taxable year from the Maine State Housing Authority for an affordable housing project located in Maine may claim a refundable income tax credit for that taxable year. Generally, the total amount that may be allocated by MSHA each calendar year for tax credit certificates is limited to \$10,000,000. MSHA may make an allocation only during a calendar year beginning in 2021 through 2028. The credit is equal to either (1) the total federal low-income housing tax credit claimed under Internal Revenue Code, Section 42 using the entire federal credit period for all buildings in a qualified Maine project, or (2) an amount equal to the lesser of \$500,000 or 50% of the qualified basis of an affordable housing project that incurs at least \$100,000 includible in eligible basis in the construction or rehabilitation of an affordable housing project for which a federal low-income housing tax credit is not claimed under Section 42 of the Code with respect to those expenditures. Other allocation, recapture, and reporting provisions apply.

### **Reason(s) for exemption**

Encourage construction of affordable housing.

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$9,531,000

FY '25 \$6,541,000

### **Methods used to calculate the revenue loss**

Estimate is based on information in the Maine Low Income Housing Tax Credit annual report.

## **1.050 Renewable chemicals tax credit.**

*36 M.R.S.A. § 5219-XX*

For tax years beginning on or after January 1, 2021, a taxpayer engaged in the production of renewable chemicals in Maine may claim a credit equal to 8¢ per pound of the renewable chemicals produced. The credit may only be used to reduce the Maine tax imposed on income derived during the taxable year from the production of renewable chemicals. Unused credit amounts may be carried forward for up to ten taxable years. Eligible taxpayers must demonstrate to DECD that at least 75% of the employees of the contractors hired or retained to harvest renewable biomass used in the production of the renewable chemicals meet the eligibility conditions specified in the Employment Security Law. Taxpayer and legislative reporting requirements apply.

### **Reason(s) for exemption**

Encourage the production of renewable chemicals

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$0 - \$49,999

FY '25 \$0 - \$49,999

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

# **1.051 Credit for paper manufacturing facility investment.**

*36 M.R.S.A. § 5219-YY*

A refundable income tax credit may be claimed by a paper manufacturer certified by DECD as a qualified applicant. The applicant must make a qualified investment of at least \$15,000,000 to modernize or improve a paper making facility. The credit is equal to 4% of the certified applicant's qualified investment claimed over a period of 10 years beginning with the tax year during which the certificate of completion is issued or the tax year beginning in 2024, whichever is later. DECD may, for purposes of the credit, certify up to \$40,000,000 of qualified investments in the aggregate. Qualified investments must be made after December 31, 2018 and no later than December 31, 2023. Cumulative credits claimed by all certified applicants may not exceed \$1,600,000 per year and \$16,000,000 in the aggregate. Additional restrictions and recapture provisions apply

## **Reason(s) for exemption**

Provide incentives for the revitalization of paper manufacturing facilities in counties with high unemployment and to create or retain high-quality jobs in the State by encouraging paper manufacturers to modernize their paper manufacturing equipment to better compete in the marketplace

## **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$0

FY '24 \$0

FY '25 \$0

## **Methods used to calculate the revenue loss**

The estimate is based on credit approvals. A revenue loss is possible in FY 2025 but credit claims are more likely to begin in FY 2026.

## **1.052 Access to Justice Income Tax Credit.**

*36 M.R.S.A. § 5219-ZZ*

The Supreme Judicial Court may certify up to five eligible attorneys each year from 2022 to 2027 for the Access to Justice income tax credit. To be certified, an attorney must: 1) agree to practice law in an underserved area for at least five years; 2) be rostered by the Maine Commission on Indigent Legal Services to accept court appointments to represent clients in an underserved area; and 3) agree to perform pro bono legal services in an underserved area. The credit is \$6,000 per year, may be claimed in the first year that the eligible attorney meets the conditions of eligibility for at least six months and in each of the four subsequent years, and is nonrefundable. The court must decertify individuals who cease to meet the conditions of eligibility.

### **Reason(s) for exemption**

Encourage attorneys to practice law in underserved areas of Maine.

### **Estimated General Fund revenue loss**

FY '22 \$0

FY '23 \$24,000

FY '24 \$48,000

FY '25 \$67,000

### **Methods used to calculate the revenue loss**

Estimate is based on analysis provided to the Legislature.

### **Number of taxpayers affected**

Unavailable

## **1.053 Employment tax increment financing and other job increment financing.**

*36 M.R.S.A. Chapter 917 and 5 M.R.S.A. §13080-O-T and §13083-S-1*

A qualified business is entitled to reimbursement of Maine income tax withheld during the calendar year for which reimbursement is requested and attributed to qualified employees after July 1, 1996 in the following amounts:

For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is at or below the state unemployment rate at the time of the application, the reimbursement is equal to 30% of the withholding taxes withheld during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees.

For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is greater than the state unemployment rate at the time of the application, the reimbursement is equal to 50% of the withholding taxes withheld during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees.

For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is greater than 150% of the state unemployment rate at the time of the application, the reimbursement is equal to 75% of the withholding taxes withheld during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees.

For qualified Pine Tree Development Zone employees, employed directly in the qualified business activity of a qualified Pine Tree Development Zone business, for whom a certificate has been issued, the reimbursement is equal to 80% of Maine income tax withheld each year for which reimbursement is requested and attributed to those qualified employees for a period of no more than 10 years for tier 1 locations and no more than 5 years for tier 2 locations. Reimbursement under this paragraph may not be paid for years beginning after December 31, 2031.

Special job increment financing programs exist for purposes of providing funding to the Loring Development Authority (the former Loring Air Force Base) and the Midcoast Regional Redevelopment Authority (the former Brunswick Naval Air Station) for the purpose of redeveloping the former base areas.

### **Reason(s) for exemption**

Provides incentives for businesses to hire new employees with a designated level of wages, health and retirement benefits.

**Estimated General Fund revenue loss**

Employee Tax Increment Financing:

FY '22 \$9,228,143  
FY '23 \$9,416,219  
FY '24 \$8,850,000  
FY '25 \$9,500,000

\*If enhanced ETIF reimbursements for Pine Tree Zones did not exist for calendar year 2021 ETIF reimbursements (paid in FY 2023), the General Fund expenditure would have been approximately \$5,795,000.

Loring Job Increment Financing:

FY '22 \$0  
FY '23 \$512,476  
FY '24 \$580,191  
FY '25 \$625,000

Brunswick Naval Air Station Job Increment Financing:

FY '22 \$564,195  
FY '23 \$633,467  
FY '24 \$690,000  
FY '25 \$725,000

**Methods used to calculate the revenue loss**

Estimate is based on claims through calendar year 2021.

**Number of taxpayers affected**

107 ETIF recipients in FY 2021.



## **1.054 Health savings accounts.**

*36 M.R.S.A. § 5102 (1-D)*

Health savings accounts (HSAs) enable workers with high-deductible health insurance to make pre-tax contributions equal to the lesser of the annual deductible or \$3,450 for self-coverage (\$6,900 for families) for 2018 to cover health care costs. Any amount paid or distributed from an HSA which is used exclusively to pay qualified medical expenses of any account beneficiary is not included in gross income. Distributions not used to pay qualified medical expense must be included in gross income and are subject to a 20% penalty.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$2,509,000

FY '23 \$2,625,000

FY '23 \$2,741,000

FY '23 \$2,852,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model. The estimate is only for the HSA deduction claimed on the Federal 1040 and not for employee contributions that are subtracted from taxable wages.

### **Number of taxpayers affected**

Approximately 11,900 taxpayers.

## **1.055 Deduction for interest on student loans.**

*36 M.R.S.A. § 5102-(1-D)*

Taxpayers may claim an above-the-line deduction of up to \$2,500 on interest paid on an education loan. The deduction is reduced when modified adjust gross income exceeds \$60,000 (\$125,000 for joint filers) and is eliminated when income exceeds \$75,000 (\$155,000 for joint filers).

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$1,713,000

FY '23 \$1,818,000

FY '24 \$4,202,000

FY '25 \$4,370,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 28,000 taxpayers in tax year 2021.

## **1.056 Deduction for moving expenses.**

*36 M.R.S.A. § 5102-(1-D)*

Taxpayers may claim an above-the-line deduction for unreimbursed moving expenses when the move is related to starting work in a new location. To deduct moving expenses a taxpayer must meet a distance test and a time test. For tax years beginning in 2018, this deduction may only be claimed by members of the Armed Forces who move pursuant to a military order.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$23,000  
FY '23 \$25,000  
FY '24 \$25,000  
FY '25 \$26,000

### **Methods used to calculate the revenue loss**

Estimate is based on information from the Maine Revenue Services data warehouse.

### **Number of taxpayers affected**

Approximately 175 taxpayers

## **1.057 Pension contributions- individual retirement plans.**

*36 M.R.S.A. § 5102-(1-D)*

Taxpayers may deduct from adjusted gross income (AGI) contributions to various Individual Retirement Accounts (IRAs). The IRA contribution limit is \$6,000 for 2019 – 2022 and \$6,500 in 2023. Taxpayers over age 50 may make additional “catch-up” contributions of \$1,000.

Taxpayers who are not covered by a retirement plan at work may claim a full deduction for contributions to a traditional IRA. The deductible amount is subject to income limitations when a taxpayer is covered by a retirement plan. In 2022, married taxpayers with both spouses covered by a retirement plan can claim a full deduction if modified AGI is below \$109,000 (\$68,000 for single filers) and a partial deduction if modified AGI is below \$129,000 (\$78,000 for single filers).

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$5,584,000

FY '23 \$5,836,000

FY '24 \$6,093,000

FY '25 \$6,304,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 16,000 taxpayers.

## **1.058 Pension contributions- partners & sole proprietors – Self-employed SEP, Simple, and KEOGH plans.**

*36 M.R.S.A. § 5102-(1-D)*

Self-employed individuals may make deductible contributions to their own retirement (Keogh) plans equal to 25 percent of their post-contribution income, up to a maximum of \$61,000 in 2022. Total plan contributions are limited to 25 percent of the firm's total wages. Tax on the investment income earned by the Keogh plan is deferred until withdrawn.

Self-employed individuals may also set up SEP and SIMPLE plans for themselves and their employees.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$8,393,000

FY '23 \$8,678,000

FY '24 \$9,108,000

FY '25 \$9,528,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 6,300 taxpayers.

## **1.059 Deduction for health insurance premiums and long-term care insurance premiums by the self-employed.**

*36 M.R.S.A. § 5102-(1-D)*

Self-employed taxpayers may deduct 100% of family health insurance premiums paid. Taxpayers without self-employment income are not eligible for this deduction but may claim premiums as an itemized deduction.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$9,783,000  
FY '23 \$10,064,000  
FY '24 \$10,527,000  
FY '25 \$10,970,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 22,000 taxpayers.

## **1.060 Educator Expenses.**

*36 M.R.S.A. § 5102-(1-D)*

Eligible educators are allowed a deduction of up to \$300 for unreimbursed purchases of materials and equipment used in the classroom in tax year 2022. The deduction limit is adjusted annually for inflation.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$219,000

FY '23 \$225,000

FY '24 \$225,000

FY '25 \$225,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 13,000 taxpayers.

## **1.061 Tax-exempt interest income**

*36 M.R.S.A. § 5102 (1-D)*

Interest from most state and local bonds is exempt from federal and state taxation. Individual taxpayers report the amount of their exempt interest on the Federal 1040; this tax expenditure is an estimate of the revenue that would be raised from taxing that income.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$10,300,000

FY '23 \$10,650,000

FY '24 \$11,450,000

FY '25 \$12,450,000

### **Methods used to calculate the revenue loss**

Estimate is based on the individual income micro-simulation tax model.

### **Number of taxpayers affected**

Approximately 28,000 taxpayers.



## **1.062 Section 179 Expensing.**

*36 M.R.S.A. § 5102 (1-D)*

For tax years beginning in 2022, taxpayers can expense up to \$1,080,000 (the dollar limit) of investments in eligible property under the Code Section 179. The maximum amount that can be expensed is reduced dollar for dollar by the amount of equipment investment exceeding \$2,700,000 (the phase out amount). These limits are adjusted annually for inflation.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$600,000  
FY '23 \$2,100,000  
FY '24 \$3,000,000  
FY '25 \$3,400,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.063 Deduction for dividends received by domestic corporations from certain foreign corporations.**

*36 M.R.S.A. § 5102-(1-D)*

The Tax Cuts and Jobs Act allows a domestic corporation that is an owner of a specified 10% foreign corporation a 100% dividends received deduction (“DRD”) for the foreign-source portion of dividends received from the foreign corporation.

The 100% DRD would be available only to domestic C corporations that are neither real estate investment trusts nor regulated investment companies. Maine conforms to this 100% DRD.

The deduction for dividends paid from income that has been previously taxed is not considered a tax expenditure. Previously taxed income includes income subject to the deemed repatriation in the Tax Cuts and Jobs Act of 2017 (TCJA), GILTI, and Subpart F income.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY ‘22 \$500,000 - \$2,000,000

FY ‘23 \$500,000 - \$2,000,000

FY ‘24 \$500,000 - \$2,000,000

FY ‘25 \$500,000 - \$2,000,000

### **Methods used to calculate the revenue loss**

The revenue loss is estimated as a range of possible values because little or no data is available.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.064 Opportunity Zones.**

*36 M.R.S.A. § 5102-(1-D)*

The TCJA created Opportunity Zones, which are designated low-income areas where investments through qualified vehicles receive preferential capital gains tax treatment. When capital gains are reinvested in a qualified opportunity fund, which must invest at least 90% of its assets in qualified opportunity zone property, the gains are deferred for ten years. Furthermore, capital gains from investments in qualified opportunity funds are permanently excluded if the investment is held for ten years.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$5,000,000 - \$6,000,000

FY '23 \$5,000,000 - \$6,000,000

FY '24 \$5,000,000 - \$6,000,000

FY '25 \$5,000,000 - \$6,000,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.065 Pension contributions & earnings - employer-provided pension contributions and earnings.**

*36 M.R.S.A. § 5102-(1-D)*

Taxpayers may exclude from adjusted gross income employer contributions to individual pension plans. The tax on the related investment income is deferred until it is withdrawn.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$302,100,000

FY '23 \$346,000,000

FY '24 \$389,600,000

FY '25 \$441,800,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.066 Employer-paid medical insurance and expenses.**

*36 M.R.S.A. § 5102-(1-D)*

Employer-paid health insurance premiums and medical expenses (including long-term care) are excluded from an employee's gross income even if the employer's cost for the insurance is deducted as a business expense. Self-employed individuals may also deduct part of family health insurance premiums.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$196,500,000

FY '23 \$199,700,000

FY '24 \$209,500,000

FY '25 \$221,000,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.067 Exclusion of capital gains at death.**

*36 M.R.S.A. § 5102 (1-D)*

Capital gains on assets held at the owner's death are not subject to capital gains taxes. The cost basis of the appreciated assets is adjusted upward to the market value at the owner's date of death.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$35,000,000

FY '23 \$37,300,000

FY '24 \$37,600,000

FY '25 \$38,600,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.068 Exclusion of capital gains on sales of principal residences.**

*36 M.R.S.A. § 5102-(1-D)*

A homeowner can exclude from tax up to \$500,000 (joint filers) or \$250,000 (single filers) of capital gains from the sale of a principal residence. The exclusion may not be used more than once every two years.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$28,600,000

FY '23 \$26,900,000

FY '24 \$26,500,000

FY '25 \$27,200,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.

## **1.069 Exclusion of Social Security and Railroad Retirement not included in Federal Adjusted Gross Income.**

*36 M.R.S.A. § 5102-(1-D)*

Social security and railroad retirement income that is not taxable at the federal level is also not taxed by Maine.

### **Reason(s) for exemption**

Maine generally conforms to federal income exclusion and deduction provisions used to calculate federal adjusted gross income. Conformity reduces filing errors, eases tax administration and increases tax compliance. Conformity also helps keep Maine taxes more competitive with other states.

### **Estimated General Fund revenue loss**

FY '22 \$69,900,000

FY '23 \$73,300,000

FY '24 \$77,700,000

FY '25 \$82,300,000

### **Methods used to calculate the revenue loss**

Estimate is based on *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, compiled by the U.S. Joint Standing Committee on Taxation.

### **Number of taxpayers affected**

Number of taxpayers affected is not available.



# 1.070 Federal Conformity: Other

36 M.R.S.A. § 5102-(1-D)

This expenditure includes tax expenditures arising from the definition of federal income that have not been covered elsewhere in the report. The discussion of expenditures related to the definition of federal total income in the introduction provides more details.

Appendix D contains a list of individual expenditures and *national* estimates of tax expenditure.

<b>Function</b>	<b>Annual Expenditure</b>
National Defense and International Affairs	\$8,000,000 - \$15,000,000
Energy	\$1,000,000 - \$3,000,000
Natural Resources and Environment	\$500,000 - \$2,000,000
Commerce, General Science, Community and Regional Development, and Housing	\$60,000,000 - \$80,000,000
Education, Training, Employment, and Social Services	\$30,000,000 - \$40,000,000
Health and Income Security	\$40,000,000 - \$60,000,000
Miscellaneous/Other	\$30,000,000 - \$40,000,000

## **Chapter 2: Sales and Excise Taxes**

### **2.001 Paint Stewardship Program Assessment.**

*36 M.R.S.A. § 1752.14-B.13.*

The fee imposed to fund the paint stewardship program is exempted from sales tax.

#### Reason(s) for exemption

Equalize the sales tax treatment of this assessment and mandatory fees.

#### Estimated General Fund revenue loss

FY '22 \$81,000

FY '23 \$82,000

FY '24 \$83,000

FY '25 \$84,000

#### Method used to calculate the revenue loss

Based on information contained in the Maine Paint Stewardship Program FY 2020 Annual Report.

## **2.002 Sales to the State & political subdivisions.**

*36 M.R.S.A. § 1760.2 and 2557.2.*

Sales to the State or any political subdivision, or to the Federal Government, or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them are exempt from tax. This exemption does not apply where title is held or taken as security for any financing arrangement. This exemption also does not apply to corporations organized under Title IV, Part E of the Farm Credit Act of 1971, 12 United States Code, Sections 2211 to 2214.

### Reason(s) for exemption

The State does not impose the sales tax on itself and it provides additional funding to its political subdivisions and schools through this sales tax exemption.

### Estimated General Fund revenue loss

FY '22 \$204,638,000  
FY '23 \$210,325,000  
FY '24 \$216,161,000  
FY '25 \$222,148,000

### Method used to calculate the revenue loss

Based on state and local government expenditures as reported in the U.S. Census Bureau, Annual Survey of State Government Finances.

### Number of exempt organizations on file

Governments and agencies of government – 1204

## 2.003 Grocery staples.

36 M.R.S.A. § 1760.3.

Grocery staples are exempt from the sales and use tax. Grocery staples means food products ordinarily consumed for human nourishment.

Grocery staples does not include:

- A. Spirituous, malt or vinous liquors;
- B. Medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, capsule, lozenge or pill form, sold as dietary supplements or adjuncts, except when sold on the prescription of a physician;
- C. Water, including mineral, bottled and carbonated waters and ice;
- D. Dietary substitutes;
- E. Candy and confections, including but not limited to confectionery spreads. As used in this paragraph, “candy” means a preparation of sugar, honey or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops or pieces;
- F. Prepared food; and
- G. The following food and drinks ordinarily sold for consumption without further preparation:
  - (1) Soft drinks and powdered and liquid drink mixes except powdered milk, infant formula, coffee and tea;
  - (2) Sandwiches and salads;
  - (3) Supplemental meal items such as corn chips, potato chips, crisped vegetable or fruit chips, potato sticks, pork rinds, pretzels, crackers, popped popcorn, cheese sticks, cheese puffs and dips;
  - (4) Fruit bars, granola bars, trail mix, breakfast bars, rice cakes, popcorn cakes, bread sticks and dried sugared fruit;
  - (5) Nuts and seeds that have been processed or treated by salting, spicing, smoking, roasting or other means;
  - (6) Desserts and bakery items, including but not limited to doughnuts, cookies, muffins, dessert breads, pastries, croissants, cakes, pies, ice cream cones, ice cream, ice milk, frozen confections, frozen yogurt, sherbet, ready-to-eat pudding, gelatins and dessert sauces; and
  - (7) Meat sticks, meat jerky and meat bars.

“Grocery staples” includes bread and bread products, jam, jelly, pickles, honey, condiments, maple syrup, spaghetti sauce or salad dressing when packaged as a separate item for retail sale.

“Soft drinks” means nonalcoholic beverages that contain natural or artificial sweeteners. “Soft drinks” does not include beverages that contain milk or milk products; that contain soy, rice or similar milk substitutes; or that contain greater than 50% vegetable or fruit juice by volume.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY '22 \$206,486,000

FY '23 \$216,860,000

FY '24 \$230,881,000

FY '25 \$242,637,000

Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.004 Ships' stores.**

*36 M.R.S.A. § 1760.4.*

Sales of cabin, deck, engine supplies and bunkering oil to ships engaged in transporting cargo or passengers for hire in interstate or foreign commerce are exempt from the sales and use tax. Bunker oil in this exemption refers to any fuel used to propel the vessel as opposed to used in the operation of any equipment, such as cranes, hoists and generators.

### Reason(s) for exemption

The ships are engaged in interstate and/or foreign commerce.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.005 Prescription drugs.**

*36 M.R.S.A. § 1760.5.*

Sales of medicines for human beings sold on doctor's prescription are exempt from the sales and use tax. This exemption does not apply to the sale of marijuana pursuant to Title 22, chapter 558-C. Sales to individuals of "over-the-counter" drugs without a written prescription are taxable, even if the drug is purchased on the advice or recommendation of a physician. However, there is no tax on nonprescription medicines purchased by a doctor for use in the doctor's medical practice. Sales of medicines originally prescribed by a doctor on a refillable prescription are exempt when the prescription is refilled.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$128,478,000

FY '23 \$136,717,000

FY '24 \$145,484,000

FY '25 \$154,813,000

### Method used to calculate the revenue loss

Forecast from National Health Expenditure Data from the U.S. Centers for Medicare & Medicaid Services.

## **2.006 Prosthetic or orthotic device.**

*36 M.R.S.A. § 1760.5-A.*

Sale of prosthetic or orthotic devices sold by prescription and sale of crutches and wheelchairs for the use of sick, injured or disabled persons and not for rental are exempt from the sales and use tax.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$6,667,000

FY '23 \$6,999,000

FY '24 \$7,040,000

FY '25 \$7,077,000

### Method used to calculate the revenue loss

Sales tax micro simulation model and National Health Expenditure Data from the U.S. Centers for Medicare & Medicaid Services.



## **2.007 Meals served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school.**

*36 M.R.S.A. § 1760.6-A.*

Sales of meals made in the school lunchroom during the normal school day or by a school or student organization at a school event where it is evident that those in attendance are mainly students and teachers, are exempt from the sales and use tax. The sale of meals served to students or teachers by a caterer or other person not associated with the school are taxable.

### Reason(s) for exemption

Subsidize the provision of meals to students and teachers at schools.

### Estimated General Fund revenue loss

FY '22 \$6,444,000

FY '23 \$6,628,000

FY '24 \$6,822,000

FY '25 \$7,030,000

### Method used to calculate the revenue loss

National personal consumption expenditure data and education statistics

## **2.008 Meals served to patients in hospitals & nursing homes.**

*36 M.R.S.A. § 1760.6-B.*

Meals served to patients of institutions licensed by the Department of Health and Human Services for the hospitalization or nursing care of human beings, or to patients or residents of institutions licensed by the Department of Health and Human Services under Title 22, Subtitle 6 or Title 22, section 1781, are exempt from the sales and use tax.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$7,905,000

FY '23 \$8,143,000

FY '24 \$8,330,000

FY '25 \$8,517,000

### Method used to calculate the revenue loss

Statistics for hospitals and nursing homes and several strong assumptions

**2.009 Sales of meals by hospitals, schools, long-term care facilities, food contractors and restaurants to incorporated nonprofit area agencies on aging for the purpose of providing meals to the elderly.**

*36 M.R.S.A. § 1760.6-C.*

Meals sold to the area agencies on aging for the purpose of providing meals to the elderly are exempt from the sales and use tax.

Reason(s) for exemption

This exemption supports the provision of meals to the elderly.

Estimated General Fund revenue loss

FY '22 \$1,000,000 – 2,999,999

FY '23 \$1,000,000 – 2,999,999

FY '24 \$1,000,000 – 2,999,999

FY '25 \$1,000,000 – 2,999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

65

## **2.010 Sales of meals to residents of certain nonprofit congregate housing.**

*36 M.R.S.A. § 1760.6-D.*

Meals sold to residents of church-affiliated congregate housing facilities are exempt from the sales and use tax.

### Reason(s) for exemption

This exemption supports the provision of meals to the elderly.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.011 Meals served by colleges to employees of the college when the meals are purchased with debit cards issued by the college.**

*36 M.R.S.A. § 1760.6-E.*

Meals served by a college to employees of the college who purchase those meals with a debit card issued by the college are exempt from sales and use tax.

### Reason(s) for exemption

To eliminate the need for colleges to have to determine which purchases are taxable and which are exempt when a debit card issued by the college is being used to purchase meals.

### Estimated General Fund revenue loss

FY '22 \$0 - \$49,999

FY '23 \$0 - \$49,999

FY '24 \$0 - \$49,999

FY '25 \$0 - \$49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.012 Meals served by certain youth camps.**

*36 M.R.S.A. § 1760.6-F.*

Sales of meals served by youth camps licensed by the Department of Health and Human Services and defined in Title 22, section 2491, subsection 16 as a combination of program and facilities established for the primary purpose of providing an outdoor group living experience for children with social, recreational, spiritual and educational objectives and operated and used for 5 or more consecutive days during one or more seasons of the year. "Youth camp" includes day camps, residential camps and trip and travel camps.

### Reason(s) for exemption

Subsidize the sale of prepared meals at certain youth camps.

### Estimated General Fund revenue loss

FY '22 \$250,000 - \$999,999

FY '23 \$250,000 - \$999,999

FY '24 \$250,000 - \$999,999

FY '25 \$250,000 - \$999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.013 Meals served by a retirement facility to its residents.**

*36 M.R.S.A. § 1760.6-G.*

Sales of meals served by a retirement facility to its residents are exempt from the sales and use tax when participation in the meal program is a condition of occupancy or the cost of the meals is included in or paid with a comprehensive fee that includes the right to reside in a residential dwelling unit and meals or other services.

### Reason(s) for exemption

This exemption supports the provision of meals to the elderly.

### Estimated General Fund revenue loss

FY '22 \$1,000,000 - \$2,999,999

FY '23 \$1,000,000 - \$2,999,999

FY '24 \$1,000,000 - \$2,999,999

FY '25 \$1,000,000 - \$2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.014 Products used in agricultural and aquacultural production, and bait.**

*36 M.R.S.A. § 1760.7-A, 7-B, 7-C.*

Sales of feed, hormones, pesticides, antibiotics and medicine for use in aquacultural production and sales of bait to commercial fishermen are exempt from the sales and use tax.

Sales of seed, fertilizers, defoliant and pesticides, including, but not limited to, rodenticides, insecticides, fungicides and weed killers, for use in commercial agricultural production are exempt from the sales and use tax.

Sales of breeding stock, semen, embryos, feed, hormones, antibiotics, medicine, pesticides and litter for use in animal agricultural production and sales of antiseptics and cleaning agents used in commercial animal agricultural production are exempt from the sales and use tax. Animal agricultural production includes the raising and keeping of equines.

### Reason(s) for exemption

Provide funding to the agricultural, aquacultural, and commercial fishing industries through a sales tax exemption.

### Estimated General Fund revenue loss

FY '22 \$8,953,000

FY '23 \$8,820,000

FY '24 \$8,691,000

FY '25 \$8,564,000

### Method used to calculate the revenue loss

USDA Farm Income and Wealth Statistics and sales tax micro simulation model.



## **2.015 Certain jet fuels.**

*36 M.R.S.A. § 1760.8-B.*

Internal combustion engine fuels bought and used for the purpose of propelling jet or turbojet engine aircraft are exempt from the sales and use tax.

### Reason(s) for exemption

This fuel is subject to an excise tax when used for domestic flights.

### Estimated General Fund revenue loss

FY '22 \$5,421,000

FY '23 \$7,296,000

FY '24 \$5,339,000

FY '25 \$4,974,000

### Method used to calculate the revenue loss

The number of gallons of jet fuel sold, which is reported on motor fuel tax returns, is used with a forecast of jet fuel prices to estimate the cost of this exemption.

## **2.016 Coal, oil, and wood for cooking & heating homes.**

*36 M.R.S.A. § 1760.9.*

Coal, oil, wood and all other fuels, except gas and electricity, when bought for cooking and heating in buildings designed and used for both human habitation and sleeping are exempt from tax. Kerosene or home heating oil that is prepackaged or dispensed from a tank for retail sale in containers with a capacity of 5 gallons or less, or the sale of any amount of wood pellets or any 100% compressed wood product intended for use in a wood stove or fireplace, or of any amount of firewood, is presumed to be purchased for residential use.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$34,393,000

FY '23 \$36,794,000

FY '24 \$34,180,000

FY '25 \$31,434,000

### Method used to calculate the revenue loss

U.S. Energy Information Administration residential energy expenditure data for Maine and a forecast of energy prices is used to estimate the cost of this exemption.

## **2.017 Fuels for burning blueberry lands.**

*36 M.R.S.A. § 1760.9-A.*

Sales of all fuels used in burning blueberry fields are exempt from the sales and use tax.

### Reason(s) for exemption

Provide support for the blueberry industry.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## 2.018 Residential electricity.

*36 M.R.S.A. § 1760.9-B.*

Sale and delivery of the first 750 kilowatt hours of residential electricity per month is exempt from the sales and use tax. For purposes of this subsection, “residential electricity” means electricity furnished to buildings designed and used for both human habitation and sleeping, with the exception of hotels. Where residential electricity is furnished through one meter to more than one residential unit and where the transmission and distribution utility applies its tariff on a per unit basis, the furnishing of electricity is considered a separate sale for each unit to which the tariff applies. For purposes of this subsection, “delivery” means transmission and distribution. Off-peak residential electricity used for space heating or water heating by means of an electric thermal storage device is also exempt from the sales and use tax.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY ‘22 \$35,910,000

FY ‘23 \$47,660,000

FY ‘24 \$52,830,000

FY ‘25 \$53,540,000

### Method used to calculate the revenue loss

Estimate based on data from the sales tax data warehouse, U.S. Energy Information Administration, and the American Community Survey PUMS.

## **2.019 Residential gas.**

*36 M.R.S.A. § 1760.9-C.*

Sales of gas when bought for cooking and heating in buildings designed and used for both human habitation and sleeping, with the exception of hotels, are exempt from the sales and use tax.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$18,249,000

FY '23 \$21,397,000

FY '24 \$21,871,000

FY '25 \$22,193,000

### Method used to calculate the revenue loss

Estimate based on data from the U.S. Energy Information Administration and the American Community Survey PUMS.

## **2.020 Fuel and electricity used at a manufacturing facility.**

*36 M.R.S.A. § 1760.9-D.*

Ninety-five percent of the sale price of all fuel and electricity purchased for use at a manufacturing facility is exempt from the sales and use tax. For purposes of this subsection, “sale price” includes, in the case of electricity, any charge for transmission and distribution.

Ninety-five percent of the sale price of fabrication services for the production of fuel for use at a manufacturing facility as defined in section 1752, subsection 6-A.

### Reason(s) for exemption

Provide an economic development incentive to manufacturers by subsidizing their purchases of fuel and electricity used at manufacturing facilities.

### Estimated General Fund revenue loss

FY '22 \$26,993,000

FY '23 \$21,070,000

FY '24 \$21,389,000

FY '25 \$21,760,000

### Method used to calculate the revenue loss

Data is collected from sales and use tax returns.

## **2.021 Fuel oil or coal which becomes an ingredient or component part.**

*36 M.R.S.A. § 1760.9-G.*

Fuel oil or coal, the by-products from the burning of which, become an ingredient or component part of tangible personal property for later sale are exempt.

### Reason(s) for exemption

Avoid pyramiding of the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - \$49,999

FY '23 \$0 - \$49,999

FY '24 \$0 - \$49,999

FY '25 \$0 - \$49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.022 Certain returnable containers.**

*36 M.R.S.A. § 1760.12.*

Sales of returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling are exempt from the sales and use tax.

### Reason(s) for exemption

The decision was made not to impose the sales tax on returnable bottle and can deposits.

### Estimated General Fund revenue loss

FY '22 \$1,000,000 - \$2,999,999

FY '23 \$1,000,000 - \$2,999,999

FY '24 \$1,000,000 - \$2,999,999

FY '25 \$1,000,000 - \$2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.



## **2.023 Packaging materials.**

*36 M.R.S.A. § 1760.12-A.*

Sales of containers, boxes, crates, bags, cores, twines, tapes, bindings, wrappings, labels and other packing, packaging and shipping materials are exempt from the sales and use tax when purchased by persons engaged in the business of packing, packaging, shipping and transporting tangible personal property; or when purchased by persons for use in packing, packaging or shipping tangible personal property sold by them or on which they have performed the service of cleaning, pressing, dyeing, washing, repairing, or reconditioning in their regular course of business that are transferred to the possession of the purchaser of that tangible personal property.

This exemption includes materials that are used to insure the delivery of the contents in physically good condition. There is no distinction between non-returnable and returnable packaging materials. The exemption applies to both. In addition, the exemption does not apply unless the materials pass into the possession of the customer of the shipper. Packaging items used by a business to store goods are subject to tax.

### Reason(s) for exemption

Subsidize the purchase of packaging materials by businesses.

### Estimated General Fund revenue loss

FY '22 \$28,243,000

FY '23 \$30,623,000

FY '24 \$31,850,000

FY '25 \$32,864,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.024 Free publications and components of publications.**

*36 M.R.S.A. § 1760.14-A.*

Any publication that is purchased for distribution without charge as a free publication; and printed paper materials, including advertising flyers and promotional materials, purchased for inclusion in a publication are exempt from the sales and use tax.

### Reason(s) for exemption

The publications are distributed free of charge. Components of publications, such as advertising flyers were exempt from tax prior to the repeal of the sales tax exemption for certain publications.

### Estimated General Fund revenue loss

FY '22 \$1,210,000

FY '23 \$1,210,000

FY '24 \$1,210,000

FY '25 \$1,210,000

### Method used to calculate the revenue loss

The revenue loss is estimated using data from sales tax returns.

## **2.025 Sales to hospitals, research centers, churches and schools.**

*36 M.R.S.A. § 1760.16 and 2557.3.*

Sales to incorporated hospitals.

Sales to incorporated nonprofit nursing homes licensed by the Department of Health and Human Services.

Sales to incorporated nonprofit residential care facilities licensed by the Department of Health and Human Services.

Sales to incorporated nonprofit assisted housing programs for the elderly licensed by the Department of Health and Human Services.

Sales to incorporated nonprofit home health agencies certified under the United States Social Security Act of 1965, Title XVIII, as amended.

Sales to incorporated nonprofit rural community health centers and to certain incorporated nonprofit federally qualified health centers.

Sales to incorporated nonprofit dental health centers.

G-1. Sales to incorporated nonprofit medical clinics whose sole mission is to provide free medical care to the indigent or uninsured.

Sales to incorporated nonprofit organizations organized for the sole purpose of conducting medical research.

Sales to incorporated nonprofit organizations organized for the purpose of establishing and maintaining laboratories for scientific study and investigation in the field of biology or ecology.

Sales to institutions incorporated as nonprofit corporations for the purpose of operating educational television or radio stations.

Sales to schools.

Sales to incorporated nonprofit organizations or their affiliates whose purpose is to provide literacy assistance or free clinical assistance to children with dyslexia.

Sales to regularly organized churches or houses of religious worship.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$6,000,000 or more

FY '23 \$6,000,000 or more

FY '24 \$6,000,000 or more

FY '25 \$6,000,000 or more

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

Number of exempt organizations on file

Hospitals	57
Nursing homes	27
Rural community health	77
Dental health centers	11
Residential care facilities	107
Medical research orgs.	27
Biology/ecology labs	19
Educational TV/radio	20
Schools	751
Literacy assistance orgs.	27
Assist children w/dyslexia	Fewer than 10
Churches	2301
Free medical clinics	Fewer than 10
Fed qualified health center	Fewer than 10

## **2.026 Rental charges for living quarters in nursing homes and hospitals.**

*36 M.R.S.A. § 1760.18.*

Rental charged for living or sleeping quarters in an institution licensed by the State for the hospitalization or nursing care of human beings.

Reason(s) for exemption

Necessity of life

Estimated General Fund revenue loss

FY '22 \$6,000,000 or more

FY '23 \$6,000,000 or more

FY '24 \$6,000,000 or more

FY '25 \$6,000,000 or more

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.027 Sales to certain nonprofit residential child care institutions.**

*36 M.R.S.A. § 1760.18-A and 2557.4.*

Sales to incorporated private nonprofit residential child care facilities that are licensed by the Department of Health and Human Services as child care facilities, are exempt from the sales and use tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

58

## **2.028 Rental of living quarters at schools.**

*36 M.R.S.A. § 1760.19.*

Rental charged for living quarters, sleeping or housekeeping accommodations to any student necessitated by attendance at a school as defined in subsection 16.

### Reason(s) for exemption

Provide financial assistance to students by exempting rental charges for living quarters at schools from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$15,242,000

FY '23 \$16,029,000

FY '24 \$16,627,000

FY '25 \$16,881,000

### Method used to calculate the revenue loss

Estimate based on data from the Integrated Postsecondary Education Data System.

## **2.029 Rental charges on continuous residence for more than 28 days.**

*36 M.R.S.A. § 1760.20.*

Rental charged to any person who resides continuously for 28 days or more at any one hotel, rooming house, and tourist or trailer camp if:

The person does not maintain a primary residence at some other location; or

The person is residing away from that person's primary residence in connection with employment or education.

Tax paid during the initial 28-day period must be refunded to the taxpayer. The retailer may take a credit on the sales tax return filed by the retailer covering the month in which the refund was made.

### Reason(s) for exemption

Living quarters are a necessity of life.

### Estimated General Fund revenue loss

FY '22 \$79,657,000

FY '23 \$82,865,000

FY '24 \$86,202,000

FY '25 \$89,673,000

### Method used to calculate the revenue loss

The estimate is based on national personal consumption expenditure data and rent data from the American Community Survey.



## **2.030 Automobiles used in driver education programs.**

*36 M.R.S.A. § 1760.21.*

Sales to automobile dealers, registered under section 1754-B, of automobiles for the purpose of equipping the same with dual controls and loaning or leasing the same to public or private secondary schools without consideration or for a consideration of not more than \$1 a year, and used exclusively by such schools in driver education programs.

### Reason(s) for exemption

Subsidize driver education programs offered by secondary schools.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.031 Certain loaner vehicles.**

*36 M.R.S.A. § 1760.21-A.*

The use of a loaner vehicle provided by a new vehicle dealer, as defined in Title 29-A, section 851, subsection 9, to a service customer pursuant to a manufacturer's or a dealer's warranty is exempt from tax.

### Reason(s) for exemption

Certain motor vehicle dealers are providing the short-term use of loaner vehicles free of charge to certain service customers pursuant to a manufacturer's or a dealer's warranty.

### Estimated General Fund revenue loss

FY '22 \$250,000 - \$999,999

FY '23 \$250,000 - \$999,999

FY '24 \$250,000 - \$999,999

FY '25 \$250,000 - \$999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.032 Automobiles to amputee veterans.**

*36 M.R.S.A. § 1760.22.*

Sales of automobiles to veterans who are granted free registration of such vehicles by the Secretary of State under Title 29-A, section 523, subsection 1 are exempt from sales tax. Certificates of exemption or refunds of taxes paid must be granted under such rules or regulations as the State Tax Assessor may prescribe.

### Reason(s) for exemption

Subsidize the purchase of automobiles by amputee veterans.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.033 Certain vehicles purchased or leased by nonresidents.**

*36 M.R.S.A. § 1760.23-C.*

Sales or leases of the following vehicles to a person that is not a resident of this State, if the vehicle is intended to be driven or transported outside the State immediately upon delivery:

- A. Motor vehicles other than those that are being leased for a period of less than one year;
- B. Semitrailers;
- C. Aircraft, if not exempted under subsection 88-A; and
- D. Camper trailers, including truck campers, other than those that are being leased for a period of less than one year.

If the vehicles are registered for use in the State within 12 months of the date of purchase, the person seeking registration is liable for use tax based on the original purchase price.

### Reason(s) for exemption

The vehicles are being purchased or leased by nonresidents.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.034 Certain vehicles purchased or leased by qualifying resident businesses.**

*36 M.R.S.A. § 1760.23-D.*

The sale or lease of a motor vehicle, except an automobile rental for a period of less than one year or an all-terrain vehicle or snowmobile as defined in Title 12, section 13001, to a qualifying resident business if the vehicle is intended to be driven or transported outside the State immediately upon delivery and intended to be used exclusively in the qualifying resident business's out-of-state business activities.

### Reason(s) for exemption

The vehicles are being purchased or leased by qualifying resident businesses for use outside of this State.

### Estimated General Fund revenue loss

FY '22 \$1,000,000 – 2,999,999

FY '23 \$1,000,000 – 2,999,999

FY '24 \$1,000,000 – 2,999,999

FY '25 \$1,000,000 – 2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.035 Funeral services.**

*36 M.R.S.A. § 1760.24.*

“Sales of funeral services” are considered to mean sales of tangible personal property by a funeral director insofar as such sales are a necessary part of the preparation of a human body for burial or cremation, or a necessary part of the ceremony conducted by the funeral director prior to or in connection with the burial or cremation of a human body. Sales by funeral directors of caskets, vaults, boxes, clothing, crematory urns, or other similar items generally referred to as “funeral furnishings”, are exempt from tax. Items sold as an accommodation rather than as an integral part of the funeral service (or preparation therefore), such as sale of flowers, or items of a similar character, are taxable.

The tax expenditure estimate includes the service component of funeral services.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$8,148,000

FY '23 \$7,927,000

FY '24 \$8,098,000

FY '25 \$8,248,000

### Method used to calculate the revenue loss

The estimate is based on national expenditures on funeral and burial services and Maine’s share of national deaths.

## **2.036 Watercraft purchased by nonresidents.**

*36 M.R.S.A. § 1760.25.*

Sales to or use by a person that is not a resident of this State of watercraft or materials used in watercraft.

The following are exempt when the sale is made in this State to a person that is not a resident of this State and the watercraft is sailed or transported outside the State within 30 days of delivery by the seller:

- (1) A watercraft;
- (2) Sales, under contract for the construction of a watercraft, or materials to be incorporated in that watercraft; and
- (3) Sales of materials to be incorporated in the watercraft for the repair, alteration, refitting, reconstruction, overhaul or restoration of that watercraft.

The sale of a watercraft is exempt if the watercraft is purchased and used by the present owner outside the State if the watercraft is registered outside the State by an owner who is an individual and the watercraft is present in the State not more than 30 days for a purpose other than temporary storage during the 12 months following its purchase.

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

### Reason(s) for exemption

Economic development.

### Estimated General Fund revenue loss

FY '22 \$250,000 - 999,999

FY '23 \$250,000 - 999,999

FY '24 \$250,000 - 999,999

FY '25 \$250,000 - 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.037 Snowmobile; all-terrain vehicle.**

*36 M.R.S.A. § 1760.25-C.*

The sale of a snowmobile, as defined in Title 12, section 13001, subsection 25, or an all-terrain vehicle, as defined in Title 12, section 13001, subsection 3, to an individual who is not a resident of this State, unless the seller is a retailer in this State.

### Reason(s) for exemption

Exempt nonresidents from paying the sales and use tax unless the seller is a retailer in this State.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.



## **2.038 Nonprofit fire departments and nonprofit ambulance services.**

*36 M.R.S.A. § 1760.26 and 2557.5.*

Sales to incorporated nonprofit fire departments, sales to incorporated nonprofit ambulance services, sales to air ambulance services that are limited liability companies all of whose members are nonprofit organizations and sales of tangible personal property leased to air ambulance services that are limited liability companies all of whose members are nonprofit organizations are exempt from sales and use tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 - 999,999

FY '23 \$250,000 - 999,999

FY '24 \$250,000 - 999,999

FY '25 \$250,000 - 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Nonprofit fire departments	82
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Nonprofit ambulance services	40
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## **2.039 Community mental health facilities, community developmentally disabled facilities and community substance abuse facilities.**

*36 M.R.S.A. § 1760.28 and 2557.6.*

Sales to the following mental health facilities, developmentally disabled facilities or substance abuse facilities are exempt from the sales and use tax:

- A. Contractors under or receiving support under the Federal Community Mental Health Centers Act, or its successors; or
- B. Receiving support from the Department of Health and Human Services pursuant to Title 5, section 20005 or Title 34-B, section 3604, 5433 or 6204.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 - 999,999

FY '23 \$250,000 - 999,999

FY '24 \$250,000 - 999,999

FY '25 \$250,000 - 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Mental health facilities	211
Developmentally disabled facilities	225
Substance abuse facilities	15

## **2.040 Water pollution control facilities.**

*36 M.R.S.A. § 1760.29.*

Sales of water pollution control facilities, certified as such by the Commissioner of Environmental Protection, and sales of parts or accessories of a certified facility, materials for the construction, repair or maintenance of a certified facility and chemicals or supplies that are integral to the effectiveness of a certified facility.

### Reason(s) for exemption

Subsidize the installation of pollution control facilities.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.041 Air pollution control facilities.**

*36 M.R.S.A. § 1760.30.*

Sales of air pollution control facilities, certified as such by the Commissioner of Environmental Protection, and sales of parts or accessories of a certified facility, materials for the construction, repair or maintenance of a certified facility and chemicals or supplies that are integral to the effectiveness of a certified facility.

### Reason(s) for exemption

Subsidize the installation of pollution control facilities.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.042 Machinery and equipment.**

*36 M.R.S.A. § 1760.31.*

Sales of machinery and equipment:

- A. For use by the purchaser directly and primarily in the production of tangible personal property intended to be sold or leased ultimately for final use or consumption or in the production of tangible personal property pursuant to a contract with the Federal Government or any agency thereof, or, in the case of sales occurring after June 30, 2007, in the generation of radio and television broadcast signals by broadcast stations regulated under 47 Code of Federal Regulations, Part 73. This exemption applies even if the purchaser sells the machinery or equipment and leases it back in a sale and leaseback transaction. This exemption also applies whether the purchaser agrees before or after the purchase of the machinery or equipment to enter into the sale and leaseback transaction and whether the purchaser's use of the machinery or equipment in production commences before or after the sale and leaseback transaction occurs; and
- B. To a bank, leasing company or other person as part of a sale and leaseback transaction, by a person that uses the machinery or equipment as described in paragraph A, whether the original purchaser's use of the machinery or equipment in production commences before or after the sale and leaseback transaction occurs.

### Reason(s) for exemption

Provide an economic development incentive to manufacturers by subsidizing their purchases of machinery and equipment used at manufacturing facilities.

### Estimated General Fund revenue loss

FY '22 \$31,500,000

FY '23 \$32,140,000

FY '24 \$32,792,000

FY '25 \$33,458,000

### Method used to calculate the revenue loss

The estimate is based on BEA data on investment by detailed industry, national and state data on value added by industry, and national and state data on employment by industry.

## **2.043 Machinery and equipment for research.**

*36 M.R.S.A. § 1760.32.*

Sales of machinery and equipment for use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense and sales of machinery, equipment, instruments and supplies for use by the purchaser directly and primarily in biotechnology applications, including the application of technologies such as recombinant DNA techniques, biochemistry, molecular and cellular biology, immunology, genetics and genetic engineering, biological cell fusion techniques and new bioprocesses using living organisms or parts of organisms to produce or modify products, improve plants or animals, develop microorganisms for specific uses, identify targets for small-molecule pharmaceutical development, transform biological systems and useful processes and products or to develop microorganisms for specific uses. Equipment and supplies used for biotechnology include but are not limited to microscopes, diagnostic testing materials, glass wares, chemical reagents, computer software and technical books and manuals. "Research and development" includes testing and evaluation for the purposes of approval and compliance with regulatory standards for biotechnological products or materials. "Research and development" does not include the ordinary testing or inspecting of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions, or research in connection with literary, historical or similar projects.

### Reason(s) for exemption

Provide an economic development incentive by subsidizing the purchase of these goods.

### Estimated General Fund revenue loss

FY '22 \$50,000 - 249,999

FY '23 \$50,000 - 249,999

FY '24 \$50,000 - 249,999

FY '25 \$50,000 - 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.044 Diabetic supplies.**

*36 M.R.S.A. § 1760.33.*

Diabetic supplies include all equipment and supplies, whether medical or otherwise, used in the diagnosis or treatment of diabetes. Sales of insulin, antidiabetic drugs, testing supplies such as Clinitest, Clinistix and Tes-Tape, and other items used only in the treatment of diabetes are exempt from tax. Sales of hypodermic syringes and needles to diabetic patients are exempt. Sales of items that are not used only in the diagnosis or treatment of diabetes, and which are not prescription medicines, should be regarded as taxable unless the purchaser has provided evidence such as a statement from a doctor that the patient has been diagnosed as diabetic, and unless the purchaser states that the items being purchased are to be used in the treatment of his or her diabetes.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$1,362,000

FY '23 \$1,451,000

FY '24 \$1,546,000

FY '25 \$1,650,000

### Method used to calculate the revenue loss

The revenue loss is estimated using national expenditures on diabetes supplies (not including prescription drugs which would be otherwise exempt under 36 M.R.S.A. § 1760.5) and Maine's share of the U.S. population that has been diagnosed with diabetes.

## **2.045 Sales through coin-operated vending machines.**

*36 M.R.S.A. § 1760.34.*

Sales of products for internal human consumption when sold through coin-operated vending machines by a person more than 50% of whose gross receipts from the retail sale of tangible personal property are derived from sales through vending machines. The status of products sold through vending machines depends upon the product being sold and the type of business activity of the retailer. “Coin-operated vending machines” do not include “snack boxes” that require purchasers to be on their honor in paying for the selected items.

This exemption only applies to sales of products for internal human consumption by a person who primarily is a vending company. Although the exemption exists for the sale, the items are subject to tax based on the seller’s cost. “Products for internal human consumption” means: “edible products sold for human nutrition or refreshment and containers or utensils provided simultaneously for the consumption of these products. It does not include spirituous, malt or vinous liquors, medicines, tonics, vitamins, dietary supplements or cigarettes”. See Title 36 MRSA section 1752, subsection 5-A.

Items that come within the scope of this definition are sandwiches, chips, ice cream, candy, soft drinks and other food items. Also included within this definition are the paper plates, cups, utensils and packaging materials for these items. Chewing gum is not for “internal human consumption”.

Items, other than those mentioned above, when sold through vending machines are retail sales and subject to tax on the selling price. Examples of such items are cigarettes, toys, gum, health and beauty aids and other goods not for “internal human consumption”.

When 50% or less of a retailer’s retail sales take place through coin-operated vending machines, the retailer does not qualify for this exemption.

### Reason(s) for exemption

Lower the administrative burden on vending machine companies.

### Estimated General Fund revenue loss

FY ‘22 \$1,236,000

FY ‘23 \$1,284,000

FY ‘24 \$1,334,000

FY ‘25 \$1,386,000

### Method used to calculate the revenue loss

The revenue loss is estimated using sales tax return data from vending retailers.



## **2.046 Goods and services for seeing eye dogs.**

*36 M.R.S.A. § 1760.35.*

Sales of tangible personal property and taxable services essential for the care and maintenance of Seeing Eye dogs used to aid any blind person are exempt from the sales and use tax.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.047 Regional planning commissions and councils of government.**

*36 M.R.S.A. § 1760.37 and 2557.7.*

Sales to regional planning commissions and councils of government, which are established in accordance with Title 30-A are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.048 Residential water.**

*36 M.R.S.A. § 1760.39.*

Sales of water purchased for use in buildings designed and used for both human habitation and sleeping, with the exception of hotels, are exempt from tax. Sales of water for all commercial uses are taxable. The sale of bottled water delivered by the seller is governed by whom the purchaser is.

This exemption does not apply to sales of bottled water in retail stores, such as grocery stores, convenience stores, department stores and the like. These sales are taxable since they are governed by the definition of “grocery staple”, which specifically excludes water.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$9,206,000

FY '23 \$9,410,000

FY '24 \$9,618,000

FY '25 \$9,831,000

### Method used to calculate the revenue loss

The estimate is based on national and state personal consumption expenditure data and the American Community Survey.

## **2.049 Manufactured housing.**

*36 M.R.S.A. § 1760.40.*

Sales of manufactured housing includes:

Used manufactured housing; and

New manufactured housing to the extent of all costs, other than materials, included in the sale price, but the exemption may not exceed 50% of the sale price.

When a new manufactured house is sold, the sales tax applies to either the portion of the sale price that represents the cost of materials or 50% of the sale price, whichever is greater. No sales or use tax applies to sales of manufactured housing that has been permanently incorporated into real property by the seller, although the seller would be subject to a tax on its purchase of the home. Sales of used manufactured houses are exempt.

### Reason(s) for exemption

Necessity of life

### Estimated General Fund revenue loss

FY '22 \$5,382,000

FY '23 \$5,611,000

FY '24 \$5,848,000

FY '25 \$6,096,000

### Method used to calculate the revenue loss

Estimated based on information from sales tax returns.

## **2.050 Certain instrumentalities of interstate or foreign commerce.**

*36 M.R.S.A. § 1760.41.*

The sale of a vehicle, railroad rolling stock, aircraft or watercraft that is placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after that sale and that is used by the purchaser not less than 80% of the time for the next 2 years as an instrumentality of interstate or foreign commerce. The State Tax Assessor may for good cause extend for not more than 60 days the time for placing the instrumentality in use in interstate or foreign commerce. For purposes of this subsection, property is “placed in use as an instrumentality of interstate or foreign commerce” by its carrying of, or providing the motive power for the carrying of, a bona fide payload in interstate or foreign commerce, or by being dispatched to a specific location at which it will be loaded upon arrival with, or will be used as motive power for the carrying of, a payload in interstate or foreign commerce. For purposes of this subsection, “bona fide payload” means a cargo of persons or property transported by a contract or common carrier for compensation that exceeds the direct cost of carrying that cargo or pursuant to a legal obligation to provide service as a public utility or a cargo of property transported in the reasonable conduct of the purchaser’s own nontransportation business in interstate commerce. A bus with a capacity of at least 47 passengers that is contracted to transport passengers of a cruise ship that originated and will terminate outside of Maine qualifies as use in interstate or foreign commerce while transporting those passengers within Maine.

### Reason(s) for exemption

Interstate commerce

### Estimated General Fund revenue loss

FY ‘22 \$1,000,000 – 2,999,999

FY ‘23 \$1,000,000 – 2,999,999

FY ‘24 \$1,000,000 – 2,999,999

FY ‘25 \$1,000,000 – 2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.051 Historical societies, museums and certain memorial foundations.**

*36 M.R.S.A. § 1760.42 and 2557.8.*

Sales to incorporated nonprofit memorial foundations that primarily provide cultural programs free to the public, historical societies and museums are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

480

## **2.052 Child care facilities.**

*36 M.R.S.A. § 1760.43 and 2557.9.*

Sales to licensed, incorporated nonprofit child care facilities are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 - 249,999

FY '23 \$50,000 - 249,999

FY '24 \$50,000 - 249,999

FY '25 \$50,000 - 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

190

## **2.053 Certain church-affiliated residential homes.**

*36 M.R.S.A. § 1760.44 and 2557.10.*

Sales to an incorporated, church-affiliated nonprofit organization that operates a residential home for adults.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

9



## **2.054 Certain property purchased outside the State.**

*36 M.R.S.A. § 1760.45.*

Sales of property purchased and used by the present owner outside the State are exempt from tax:

- A. If the property is an automobile, as defined in Title 29-A, section 101, subsection 7 and if the owner is an individual who was, at the time of purchase, a resident of the other state;
- B. If the property is a snowmobile or all-terrain vehicle as defined in Title 12, section 13001 and the purchaser is an individual who is not a resident of the State.
- C. If the property is an aircraft not exempted under subsection 88 or 88-A and the owner at the time of purchase was a resident of another state or tax jurisdiction and the aircraft is present in this State not more than 20 days during the 12 months following its purchase, exclusive of days during which the aircraft is in this State for the purpose of undergoing “major alterations”, “major repairs” or “preventive maintenance” as those terms are described in 14 Code of Federal Regulations, Appendix A to Part 43, as in effect on January 1, 2005. The location of an aircraft on the ground in the State at any time during a day is considered presence in the State for that entire day. A day must be disregarded if at any time during that day the aircraft is used to provide free emergency or compassionate air transportation arranged by an incorporated nonprofit organization providing free air transportation in private aircraft by volunteer pilots so children and adults may access life-saving medical care.
- D. If the property is brought into this State solely to conduct activities directly related to a declared state disaster or emergency, at the request of the State, a county, city, town or political subdivision of the State or a registered business, the property is owned by a person not otherwise required to register as a seller under section 1754-B and the property is present in this State only during a disaster period.
- E. For more than 12 months in all other cases.

Property, other than automobiles, snowmobiles, all-terrain vehicles and aircraft, that is required to be registered for use in this State does not qualify for this exemption unless it was registered by its present owner outside this State more than 12 months prior to its registration in this State. If property required to be registered for use in this State was not required to be registered for use outside this State, the owner must be able to document actual use of the property outside this State for more than 12 months prior to its registration in this State. For purposes of this subsection “use” does not include storage but means actual use of the property for a purpose consistent with its design.

### Reason(s) for exemption

Exempt property that was purchased and used out-of-state before it was brought into this State.

### Estimated General Fund revenue loss

FY '22 \$1,000,000 – 2,999,999

FY '23 \$1,000,000 – 2,999,999

FY '24 \$1,000,000 – 2,999,999

FY '25 \$1,000,000 – 2,999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.055 Residential facilities for medical patients and their families.**

*36 M.R.S.A. § 1760.46 and 2557.11.*

Sales to incorporated nonprofit organizations providing:

- A. Temporary residential accommodations to pediatric patients suffering from critical illness or disease, such as cancer, or who are accident victims, and adult patients with cancer, or the families of the patients.
- B. Temporary residential accommodations, or food, or both, to hospital patients or to the families of hospital patients.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

8

## **2.056 Emergency shelter and feeding organizations.**

*36 M.R.S.A. § 1760.47-A and 2557.12.*

Beginning October 1, 1996, sales to incorporated nonprofit organizations that provide free temporary emergency shelter or food for underprivileged individuals in this State are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 - 999,999

FY '23 \$250,000 - 999,999

FY '24 \$250,000 - 999,999

FY '25 \$250,000 - 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

178

## **2.057 Child abuse and neglect councils; child advocacy organizations; community action agencies.**

*36 M.R.S.A. § 1760.49 and 2557.13.*

Except for the sale, storage or use for activities that are mainly commercial enterprises, sales to the following organizations are exempt from tax:

- A. Incorporated nonprofit child abuse and neglect councils as defined in Title 22, section 3872, subsection 1-A;
- B. Statewide organizations that advocate for children and that are members of the Medicaid Advisory Committee;
- C. Community action agencies designated in accordance with Title 22, section 5324.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 - 999,999

FY '23 \$250,000 - 999,999

FY '24 \$250,000 - 999,999

FY '25 \$250,000 - 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Child abuse and neglect councils	10
Community action agencies	11
Medicaid advisory	Fewer than 10

## **2.058 Certain libraries.**

*36 M.R.S.A. § 1760.50 and 2557.14.*

Sales to any nonprofit free public lending library, which is funded in part or wholly by the State, any political subdivision of the State or the federal government is exempt from tax. Sales made by a library or a nonprofit corporation organized to support the library are exempt from sales tax if the proceeds from any sales are used to benefit the library.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 - 249,999

FY '23 \$50,000 - 249,999

FY '24 \$50,000 - 249,999

FY '25 \$50,000 - 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

282

## **2.059 Veterans' Memorial Cemetery Associations.**

*36 M.R.S.A. § 1760.51 and 2557.15.*

Sales to incorporated nonprofit Veterans' Memorial Cemetery Associations are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.060 Railroad track materials.**

*36 M.R.S.A. § 1760.52.*

Railroad track materials purchased and installed on railroad lines located within the boundaries of the State are exempt from tax. The track materials shall include rail, ties, ballast, joint bars and associated materials, such as bolts, nuts, tie plates, spikes, culverts, steel, concrete or stone, switch stands, switch points, frogs, switch ties, bridge ties and bridge steel.

For a taxpayer to qualify for an exemption under this subsection, the taxpayer may not require any landowner to pay any fee or charge for maintenance or repair or to assume liability for crossings or rights-of-way if the landowner was not required to do so prior to July 1, 1981, and the taxpayer must continue to maintain crossings and rights-of-way which it was required to maintain on that date and may not remove the crossings if there is any objection to their being removed.

### Reason(s) for exemption

Subsidizes the purchase of track materials.

### Estimated General Fund revenue loss

FY '22 \$824,000

FY '23 \$886,000

FY '24 \$909,000

FY '25 \$927,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.



## **2.061 Nonprofit volunteer search and rescue organizations.**

*36 M.R.S.A. § 1760.53 and 2557.16.*

Sales to incorporated nonprofit volunteer search and rescue organizations are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

18

## **2.062 Incorporated nonprofit hospice organizations.**

*36 M.R.S.A. § 1760.55 and 2557.17.*

Sales to incorporated nonprofit hospice organizations, which provide a program of care for the physical and emotional needs of terminally ill patients, are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

31

## **2.063 Nonprofit youth organizations.**

*36 M.R.S.A. § 1760.56 and 2557.18.*

Sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting, or to councils and local units of incorporated nonprofit national scouting organizations.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Athletic youth organizations	371
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National scouting organizations	25
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## **2.064 Self-help literature on alcoholism.**

*36 M.R.S.A. § 1760.57.*

Sales of self-help literature relating to alcoholism to alcoholics anonymous groups are exempt from tax.

### Reason(s) for exemption

Subsidize the sale of this literature by alcoholics anonymous groups through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.065 Portable classrooms.**

*36 M.R.S.A. § 1760.58.*

Sales of tangible personal property to be physically incorporated in and become a part of portable classrooms for lease to schools entitled to exemption under subsection 16 are exempt from tax. If the portable classrooms are used for an otherwise taxable use within 2 years from the date of the first use, the lessor shall become liable for the use tax based on the original sale price.

### Reason(s) for exemption

Subsidize the cost of portable classrooms that are to be leased to schools.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.066 Sales to certain incorporated nonprofit educational organizations.**

*36 M.R.S.A. § 1760.59 and 2557.19.*

Sales to incorporated nonprofit educational organizations that are receiving, or have received, funding from the Department of Education, and that provide educational programs specifically designed for teaching young people how to make decisions about drugs, alcohol and interpersonal relationships at a residential youth camp setting are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.067 Sales to incorporated nonprofit animal shelters.**

*36 M.R.S.A. § 1760.60.*

Sales to incorporated nonprofit animal shelters of tangible personal property used in the operation and maintenance of those shelters or in the maintenance and care of any animal, including wildlife, housed in those shelters are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

114

## **2.068 Construction contracts with exempt organizations.**

*36 M.R.S.A. § 1760.61 and 2557.31.*

Sales of tangible personal property, to a construction contractor, that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this section (Title 36 MRSA section 1760), except as otherwise provided are exempt from tax.

This exemption only applies to property that will become physically attached to the realty of the exempt organization. It does not apply to supplies used by the contractor nor to any machinery or equipment purchased by the contractor, even though the equipment is being purchased specifically for the exempt job. For purposes of this exemption, contractors also include sub-contractors. If a contractor has an inventory of property on which tax has been paid and subsequently uses the property on an exempt job, the contractor would be eligible for refund provided the property meets the requirements stated above.

Sales to a construction contractor or its subcontractor of fabrication services that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this section (Title 36 MRSA section 2557), except as otherwise provided are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$1,000,000 - 2,999,999

FY '23 \$1,000,000 - 2,999,999

FY '24 \$1,000,000 - 2,999,999

FY '25 \$1,000,000 - 2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.



## **2.069 Charitable suppliers of medical equipment.**

*36 M.R.S.A. § 1760.62 and 2557.20.*

Sales to local branches of incorporated international nonprofit charitable organizations that lend medical supplies and equipment to persons free of charge are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.070 Organizations fulfilling the wishes of children with life-threatening diseases.**

*36 M.R.S.A. § 1760.63 and 2557.21.*

Sales to incorporated nonprofit organizations whose sole purpose is to fulfill the wishes of children with life-threatening diseases, when their family or guardian is unable to otherwise financially fulfill those wishes, are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.071 Schools and school-sponsored organizations.**

*36 M.R.S.A. § 1760.64.*

Sales of tangible personal property and taxable services by public and private elementary and secondary schools that otherwise qualify as schools under subsection 16, and by student organizations sponsored by those schools, including booster clubs and student or parent-teacher organizations, as long as the profits from such sales are used to benefit those schools or student organizations or are used for a charitable purpose are exempt from tax.

Public and private elementary and secondary schools making sales of candy bars, calendars, yearbooks, clothing, etc. are exempt from charging tax on such sales, provided the profits are used to benefit the school or student organization or are used for a charitable purpose.

### Reason(s) for exemption

Provide support for schools and school-sponsored organizations when they are making sales to raise money to benefit the school, student organizations or charity.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.072 Monasteries and convents.**

*36 M.R.S.A. § 1760.65.*

Sales of tangible personal property to incorporated nonprofit monasteries and convents for use in their operation and maintenance are exempt from tax. For the purpose of this subsection, “monasteries” and “convents” means the dwelling places of communities of religious persons.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

58

## **2.073 Incorporated nonprofit providers of certain support systems for single-parent families.**

*36 M.R.S.A. § 1760.66 and 2557.22.*

Sales to incorporated nonprofit organizations engaged primarily in providing support systems for single-parent families for the development of psychological and economic self-sufficiency are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

24

## **2.074 Nonprofit home construction organizations.**

*36 M.R.S.A. § 1760.67 and 2557.23.*

Sales to local branches of incorporated, nonprofit organizations whose purpose is to construct low-cost housing for low-income people are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 - 249,999

FY '23 \$50,000 - 249,999

FY '24 \$50,000 - 249,999

FY '25 \$50,000 - 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

34

## **2.075 Vietnam veteran registries.**

*36 M.R.S.A. § 1760.69 and 2557.24.*

Sales to incorporated, nonprofit organizations whose sole purpose is to create, maintain and update a registry of Vietnam veterans are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.076 Organizations providing certain services for hearing-impaired persons.**

*36 M.R.S.A. § 1760.70 and 2557.25.*

Sales to incorporated, nonprofit organizations whose primary purposes are to promote public understanding of hearing impairment and to assist hearing-impaired persons through the dissemination of information about hearing impairment to the general public and referral to and coordination of community resources available to hearing-impaired persons are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10



## **2.077 State-chartered credit unions.**

*36 M.R.S.A. § 1760.71 and 2557.26.*

Sales to credit unions that are organized under the laws of this State are exempt from tax. This subsection shall remain in effect only for the time that federally chartered credit unions are, by reason of federal law, exempt from payment of state sales tax.

### Reason(s) for exemption

Provide state chartered credit unions with the same sales tax exemption that federally chartered credit union have by federal law.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

State chartered credit unions - 14

Federal chartered credit unions exempt by Federal law - 97

## **2.078 Nonprofit housing development organizations.**

*36 M.R.S.A. § 1760.72 and 2557.27.*

Sales to nonprofit organizations whose primary purpose is to develop housing for low-income people are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 - 249,999

FY '23 \$50,000 - 249,999

FY '24 \$50,000 - 249,999

FY '25 \$50,000 - 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

169

## **2.079 Seedlings for commercial forestry use.**

*36 M.R.S.A. § 1760.73.*

Sales of tree seedlings for use in commercial forestry are exempt from tax.

### Reason(s) for exemption

Subsidize the purchase of tree seedlings to be used in commercial forestry.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.080 Property used in production.**

*36 M.R.S.A. § 1760.74.*

Sales of tangible personal property that becomes an ingredient or component part of tangible personal property produced for later sale or lease, other than lease for use in this State, or that becomes an ingredient or component part of tangible personal property produced pursuant to a contract with the Federal Government or any agency of the Federal Government are exempt from tax.

Tangible personal property, other than fuel or electricity, that is consumed or destroyed or loses its identity directly and primarily in the production of tangible personal property for later sale or lease, other than lease for use in this State, or that is consumed or destroyed or loses its identity directly and primarily in the production of tangible personal property produced pursuant to a contract with the Federal Government or any agency of the Federal Government is exempt from tax.

Tangible personal property is “consumed or destroyed” or “loses its identity” in production if it has a normal physical life expectancy of less than one year as a usable item in the use to which it is applied.

### Reason(s) for exemption

Avoid pyramiding of the sales and use tax.

### Estimated General Fund revenue loss

FY '22 \$412,420,000

FY '23 \$424,908,000

FY '24 \$418,413,000

FY '25 \$424,823,000

### Method used to calculate the revenue loss

The estimate is based on 2017 Economic Census data and a forecast of Maine’s manufacturing output level.

## **2.081 Certain meals and lodging.**

*36 M.R.S.A. § 1760.75.*

Meals or lodging provided to employees at their place of employment when the value of those meals or that lodging is allowed as a credit toward the wages of those employees are exempt from tax.

### Reason(s) for exemption

The value of the meals or lodging is allowed as a credit toward the wages of the employees.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.082 Aircraft parts.**

*36 M.R.S.A. § 1760.76.*

The sale or use in this State of replacement or repair parts of an aircraft used by a scheduled airline in the performance of service under 49 United States Code, Subtitle VII and Federal Aviation Administration regulations are exempt from tax.

### Reason(s) for exemption

Economic development

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.083 Eye banks.**

*36 M.R.S.A. § 1760.77 and 2557.28.*

Sales to nonprofit organizations whose primary purpose is to obtain, medically evaluate and distribute eyes for use in corneal transplantation, research and education are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.084 Farm animal bedding and hay.**

*36 M.R.S.A. § 1760.78.*

Sales of organic bedding materials for farm animals and hay are exempt from tax.

### Reason(s) for exemption

Provide support to farmers by subsidizing the purchase of these items.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.



## **2.085 Electricity used for net billing.**

*36 M.R.S.A. § 1760.80.*

Sale or delivery of kilowatt hours of electricity to net energy billing customers as defined by the Public Utilities Commission for which no money is paid to the electricity provider or to the transmission and distribution utility are exempt from tax.

### Reason(s) for exemption

No money is paid to the electricity provider or to the transmission and distribution utility.

### Estimated General Fund revenue loss

FY '22 \$1,200,000

FY '23 \$4,465,000

FY '24 \$5,676,000

FY '25 \$5,615,000

### Method used to calculate the revenue loss

The estimate is based on data on currently operational net metering agreements and future projects. Note that the cost of this exemption is reduced by overlap with the exemptions provided by 1760.9-B and 1760.9-D. Without these exemptions, the estimated cost of 1760.80 would be:

FY '22 \$2,473,000

FY '23 \$8,596,000

FY '24 \$11,022,000

FY '25 \$10,954,000.

## **2.086 Animal waste storage facility.**

*36 M.R.S.A. § 1760.81.*

Any materials for the construction, repair or maintenance of an animal waste storage facility are exempt from tax. For the purposes of this section, “animal waste storage facility” means a structure or pit constructed and used solely for storing manure, animal bedding waste or other wastes generated by animal production. For a facility to be eligible for this exemption, the Commissioner of Agriculture, Conservation and Forestry must certify that a nutrient management plan has been prepared in accordance with Title 7, section 4204 for the farm utilizing that animal waste storage facility.

### Reason(s) for exemption

Subsidize the construction of these facilities through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.087 Sales of property delivered outside this State.**

*36 M.R.S.A. § 1760.82.*

Sales of tangible personal property when the seller delivers the property to a location outside this State or to the United States Postal Service, a common carrier or a contract carrier hired by the seller for delivery to a location outside this State, regardless of whether the property is purchased F.O.B. shipping point or other point in this State and regardless of whether passage of title occurs in this State are exempt from tax.

### Reason(s) for exemption

The goods are being shipped to a location outside of this State.

### Estimated General Fund revenue loss

FY '22 \$6,000,000 or more

FY '23 \$6,000,000 or more

FY '24 \$6,000,000 or more

FY '25 \$6,000,000 or more

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.088 Sales of certain printed materials.**

*36 M.R.S.A. § 1760.83.*

Sales of advertising or promotional materials printed on paper and purchased for the purpose of subsequently transporting such materials outside the State for use by the purchaser thereafter solely outside the State.

If a retailer purchases printed advertising or promotional materials, like flyers, pamphlets or brochures, for the purpose of mailing them directly out-of-state or for inclusion as “stuffers” in goods being delivered out-of-state, the purchase is exempt from tax.

### Reason(s) for exemption

The advertising or promotional materials are being transported outside of this State for use by the purchaser solely outside of this State.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.089 Centers for innovation.**

*36 M.R.S.A. § 1760.84 and 2557.29.*

Sales to centers for innovation as described in Title 5, section 13141 are exempt from tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exempt organizations on file

Fewer than 10

## **2.090 Certain sales by auxiliary organizations of the American Legion.**

*36 M.R.S.A. § 1760.85.*

Sales of meals and related items and services by a nonprofit auxiliary organization of the American Legion in connection with a fund-raising event sponsored by the auxiliary organization are exempt from tax if the meals and related items and services are provided in a room that is separate from the lounge facilities, if any, of the American Legion and patrons are prohibited from taking alcoholic beverages from the lounge facilities to the separate room where the meals and related items and services are provided.

### Reason(s) for exemption

Provide support to these organizations by subsidizing their sales of meals and related items and services by exempting them from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.091 Pine Tree Development Zone businesses; reimbursement of certain taxes.**

*36 M.R.S.A. § 2016.*

A reimbursement of sales and use tax is allowed with respect to the sale or use of tangible personal property that is to be physically incorporated in and becomes a permanent part of real property that is owned by or sold to a qualified Pine Tree Development Zone business and is used directly and primarily by that business in one or more qualified business activities.

### Reason(s) for exemption

Encourage economic development in certain regions of the State.

### Estimated General Fund revenue loss

FY '22 \$23,000  
FY '23 \$202,000  
FY '24 \$207,000  
FY '25 \$212,000

### Method used to calculate the revenue loss

The estimate is based on the recent history of Pine Tree Zone sales tax reimbursements.

## **2.092 Sales of tangible personal property to qualified development zone businesses.**

*36 M.R.S.A. § 1760.87.*

Beginning July 1, 2005, sales of tangible personal property to a qualified Pine Tree Development Zone business, as defined in Title 30-A, section 5250-I, subsection 17, for use directly and primarily in one or more qualified business activities, as defined in Title 30-A, section 5250-I, subsection 16. The exemption provided by this subsection is limited for each qualified Pine Tree Development Zone business to sales occurring within a period of 10 years in the case of a business located in a tier 1 location, as defined in Title 30-A, section 5250-I, subsection 21-A, and 5 years in the case of a business located in a tier 2 location, as defined in Title 30-A, section 5250-I, subsection 21-B, from the date the business is certified pursuant to Title 30-A, section 5250-O or until December 31, 2028, whichever occurs first.

### Reason(s) for exemption

Encourage economic development in certain regions of the State.

### Estimated General Fund revenue loss

FY '22 \$1,000,000 – 2,999,999

FY '23 \$1,000,000 – 2,999,999

FY '24 \$1,000,000 – 2,999,999

FY '25 \$1,000,000 – 2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

160



## **2.093 Sales or leases of certain aircraft.**

*36 M.R.S.A. § 1760.88.*

Sales or leases of aircraft that weigh over 6,000 pounds, that are propelled by one or more turbine engines or that are in use by a Federal Aviation Administration classified 135 operator.

### Reason(s) for exemption

Most of these aircraft are in this State for short periods of time.

### Estimated General Fund revenue loss

FY '22 \$50,000 - \$249,999

FY '23 \$50,000 - \$249,999

FY '24 \$50,000 - \$249,999

FY '25 \$50,000 - \$249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.094 Sales of aircraft and parts.**

*36 M.R.S.A. § 1760.88-A.*

Sales, use or lease of aircraft and sales of repair and replacement parts exclusively for use in aircraft or in the significant overhauling or rebuilding of aircraft or aircraft parts or components are exempt from sales and use tax from July 1, 2011 to June 30, 2033.

### Reason(s) for exemption

Provide an incentive for the purchase, repair and overhaul or rebuilding of aircraft in the State.

### Estimated General Fund revenue loss

FY '22 \$612,000

FY '23 \$602,000

FY '24 \$650,000

FY '25 \$703,000

### Method used to calculate the revenue loss

The estimate is based on data from sales tax returns of sellers of aircraft and aircraft parts.

## **2.095 Sales of qualified snowmobile trail grooming equipment.**

*36 M.R.S.A. § 1760.90.*

Sales to incorporated nonprofit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for the grooming of snowmobile trails is exempt from sales and use tax.

### Reason(s) for exemption

Subsidize the repair and maintenance of snowmobile trails.

### Estimated General Fund revenue loss

FY '22 \$21,000

FY '23 \$21,000

FY '24 \$21,000

FY '25 \$21,000

### Method used to calculate the revenue loss

The estimate is based on sales/use tax return forms.

## **2.096 Certain sales of electrical energy.**

*36 M.R.S.A. § 1760.91.*

Sales or use of electrical energy, or water stored for the purpose of generating electricity, when the sale is to or by a wholly owned subsidiary by or to its parent corporation, except for electrical energy or water purchased for resale to or by the wholly owned subsidiary.

### Reason(s) for exemption

The transactions are between a parent corporation and its wholly owned subsidiary.

### Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.097 Certain vehicle rentals.**

*36 M.R.S.A. § 1760.92.*

The rental for a period of less than one year of an automobile when the rental is to the service customer of a new vehicle dealer, pursuant to a manufacturer's or new vehicle dealer's warranty and the rental fee is paid by that new vehicle dealer or warrantor.

### Reason(s) for exemption

The rental fee is included in the warranty.

### Estimated STAR Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.098 Plastic bags sold to redemption centers.**

*36 M.R.S.A. § 1760.93.*

Sales to a local licensed redemption center of plastic bags used by the redemption center to sort, store or transport returnable beverage containers are exempt from the sales and use tax.

### Reason(s) for exemption

Provide funding to redemption centers through an exemption from the sales and use tax.

### The Estimated General Fund revenue loss

FY '22 \$42,000

FY '23 \$43,000

FY '24 \$45,000

FY '25 \$46,000

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

## **2.099 Positive airway pressure equipment & supplies.**

*36 M.R.S.A. § 1760.94.*

Positive airway pressure equipment and supplies sold or leased for personal use are exempt from sales and use tax.

### Reason(s) for exemption

Necessity of life

### The Estimated General Fund revenue loss

FY '22 \$250,000 – 999,999

FY '23 \$250,000 – 999,999

FY '24 \$250,000 – 999,999

FY '25 \$250,000 – 999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.100 Sales of certain adaptive equipment.**

*36 M.R.S.A. § 1760.95.*

Sales to persons with a disability or a person at the request of a person with a disability of adaptive equipment for installation in or on a motor vehicle to make that vehicle operable or accessible by a person with a disability who is issued a disability plate or placard by the Secretary of State pursuant to Title 29-A, section 521.

### Reason(s) for exemption

Subsidize the purchase of adaptive equipment needed to modify motor vehicles for persons with a disability.

### The Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.



## **2.101 Certain veterans' support organizations.**

*36 M.R.S.A. § 1760.98 and 2557.37.*

Sales to incorporated nonprofit organizations organized for the purpose of providing direct supportive services in the State to veterans and their families living with service-related post-traumatic stress disorder or traumatic brain injury.

### Reason(s) for exemption

Provide financial support to certain organizations serving veterans by exempting their purchases from the sales and use tax.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

Fewer than 10

## **2.102 Nonprofit library collaboratives.**

*36 M.R.S.A. § 1760.99 and 2557.38.*

Sales to nonprofit collaboratives of academic, public, school and special libraries that provide support for library resource sharing, promote quality library information services and support the cultural, educational and economic development of the State are exempt from the sales and use tax.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.103 Certain veterans' service organizations.**

*36 M.R.S.A. § 1760.100.*

Sales to an organization that provides services to veterans and their families that is chartered under 36 United States Code, Subtitle II, Part B, including posts or local offices of that organization, and that is recognized as a veterans' service organization by the United States Department of Veterans Affairs.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

104

## **2.104 Certain sales by civic, religious, and fraternal organizations.**

*36 M.R.S.A. § 1760.101.*

Sales of prepared food by a civic, religious or fraternal organization, including an auxiliary of such an organization, at a public or member-only event, except when alcoholic beverages are available for sale at the event. This exemption is limited to the first 24 days during which such sales are made in a calendar year and does not apply to sales made at private functions such as weddings.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$2,626,000

FY '23 \$2,782,000

FY '24 \$2,933,000

FY '25 \$3,084,000

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

## **2.105 Sales to nonprofit heating assistance organizations.**

*36 M.R.S.A. § 1760.102.*

Sales to organizations that have been determined by the United States Internal Revenue Service to be exempt from taxation under Section 501(c)(3) of the Code and whose primary purpose is to provide residential heating assistance to low-income individuals.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$500

FY '23 \$500

FY '24 \$500

FY '25 \$500

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

### Number of exemptions on file

Fewer than 10

## **2.106 Certain support organizations for combat-injured veterans.**

*36 M.R.S.A. § 1760.103 and 2557.39.*

Certain support organizations for combat-injured veterans. Sales to incorporated nonprofit organizations organized for the primary purpose of operating a retreat in the State for combat-injured veterans and their families free of charge.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

Fewer than 10

## **2.107 Sales to nonprofit youth camps.**

*36 M.R.S.A. § 1760.104.*

Sales to nonprofit youth camps as defined in Title 22, section 2491, subsection 16 that are licensed by the Department of Health and Human Services and receive an exemption from property tax under section 652, subsection 1.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

Fewer than 10

## **2.108 Sales to pet food pantries.**

*36 M.R.S.A. § 1760.105.*

Sales to an incorporated nonprofit organization organized for the purpose of providing food or other supplies intended for pets at no charge to owners of those pets.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$0 – 49,999

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

Fewer than 10



## **2.109 Sales to certain nonprofit community-based worldwide charitable organizations.**

*36 M.R.S.A. § 1760.106.*

Sales to a nonprofit community-based worldwide charitable organization that, using private funding, provides financial support to other nonprofit charitable organizations at the community level, including, but not limited to, food banks and homeless or domestic violence shelters, to improve health and education and strengthen financial stability.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$205,500

FY '23 \$211,600

FY '24 \$218,000

FY '25 \$224,500

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

### Number of exemptions on file

15

## **2.110 Sales of menstrual products.**

*36 M.R.S.A. § 1760.107.*

Sales of menstrual products. For purposes of this subsection, "menstrual products" means tampons, panty liners, menstrual cups, sanitary napkins and other similar tangible personal property designed for feminine hygiene in connection with the human menstrual cycle.

### Reason(s) for exemption

Necessity of life.

### Estimated General Fund revenue loss

FY '22 \$551,000

FY '23 \$857,000

FY '24 \$906,000

FY '25 \$948,000

### Method used to calculate the revenue loss

The estimate is based on data on the market for feminine hygiene products and census data on Maine's population demographics.

## **2.111 Sales to area agencies on aging.**

*36 M.R.S.A. § 1760.108.*

Sales to an area agency on aging designated under Title 22, section 5116, subsection 1, paragraph B, or sales to a public or nonprofit private agency that is operating under grants authorized by Title 22, chapter 1457, that is providing social services in order to secure and maintain maximum independence and dignity in a home environment for older people capable of self-care with appropriate supportive services.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$27,000

FY '23 \$69,000

FY '24 \$72,000

FY '25 \$75,000

### Method used to calculate the revenue loss

The estimate is based on testimony from a subset of the exempt organizations and IRS data on operating expenses of the remaining organizations.

### Number of exemptions on file

65

## **2.112 Sales to nonprofit cemeteries.**

*36 M.R.S.A. § 1760.109.*

Sales to a cemetery company that is exempt from federal income tax under Section 501(c)(13) of the Code.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$2,000

FY '23 \$6,000

FY '24 \$6,000

FY '25 \$6,000

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

### Number of exemptions on file

Fewer than 10

## **2.113 Sales to certain educational collaboratives.**

*36 M.R.S.A. § 1760.110.*

Sales to an incorporated nonprofit collaborative whose members are regional school units, as defined in Title 20-A, section 1, subsection 24-B, and that is organized to assist those units with professional development opportunities and services.

### Reason(s) for exemption

Provide funding to these organizations through an exemption from the sales tax.

### Estimated General Fund revenue loss

FY '22 \$2,000

FY '23 \$4,000

FY '24 \$4,000

FY '25 \$4,000

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

### Number of exemptions on file

Fewer than 10

## **2.114 Sales of firearm safety devices.**

*36 M.R.S.A. § 1760.111.*

Sales of firearm safety devices. For purposes of this subsection, "firearm safety device" means, if specifically designed for securing firearms:

- A. A safe or lockbox; or
- B. A trigger or barrel lock.

### Reason(s) for exemption

The exemption supports the safe storage of firearms.

### Estimated General Fund revenue loss

FY '22 \$52,000  
FY '23 \$105,000  
FY '24 \$104,000  
FY '25 \$104,000

### Method used to calculate the revenue loss

The estimate is based on 2017 Economic Census data and a forecast of consumption expenditures.

## **2.115 Sales to tribes.**

*36 M.R.S.A. § 1760.112.*

Sales to the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe or the Penobscot Nation. For purposes of section 1760-C, sales to the tribes identified in this subsection for any purpose are exempt.

### Reason(s) for exemption

Provide economic benefits to the tribes, their tribal lands and tribal members, to surrounding communities and to the State; and to clarify and simplify the application of the State's tax laws to the tribes, their tribal lands and tribal members.

### Estimated General Fund revenue loss

FY '22 \$0

FY '23 \$0 – 49,999

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.116 Sales to tribal members.**

*36 M.R.S.A. § 1760.112.*

Sales to a tribal member that are sales sourced to tribal land, except that, if the property or service is used by the purchaser, including any lessee, primarily outside of tribal land, the purchaser is liable for use tax based on the original sale price, unless otherwise exempt under this Part.

For purposes of this subsection:

- A. "Primarily" means more than 50% of that period of time that begins on the date on which the property or service is first placed in service by the purchaser and ends one year from that date or at the time that the property or service is sold, scrapped, destroyed or otherwise permanently removed from service, whichever occurs first; and
- B. "Sales sourced to tribal land" means sales sourced pursuant to section 1819 to a location on tribal land.

### Reason(s) for exemption

Provide economic benefits to the tribes, their tribal lands and tribal members, to surrounding communities and to the State; and to clarify and simplify the application of the State's tax laws to the tribes, their tribal lands and tribal members.

### Estimated General Fund revenue loss

FY '22 \$0

FY '23 \$0 – 49,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.



## **2.117 Sales to tribal entities.**

*36 M.R.S.A. § 1760.114.*

Sales to a tribal entity that are sales sourced to tribal land, except that, if the property or service is used by the purchaser, including any lessee, primarily outside of tribal land, the purchaser is liable for use tax based on the original sale price, unless otherwise exempt under this Part.

For purposes of this subsection:

- A. "Primarily" means more than 50% of that period of time that begins on the date on which the property or service is first placed in service by the purchaser and ends one year from that date or at the time that the property or service is sold, scrapped, destroyed or otherwise permanently removed from service, whichever occurs first; and
- B. "Sales sourced to tribal land" means sales sourced pursuant to section 1819 to a location on tribal land.

### Reason(s) for exemption

Provide economic benefits to the tribes, their tribal lands and tribal members, to surrounding communities and to the State; and to clarify and simplify the application of the State's tax laws to the tribes, their tribal lands and tribal members.

### Estimated General Fund revenue loss

FY '22 \$0  
FY '23 \$0 – 49,999  
FY '24 \$0 – 49,999  
FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## 2.118 Trade-in credits.

36 M.R.S.A. § 1765.

When one or more of the following items of tangible personal property are traded in toward the sale price of another of the same kind of the following items, the sales and use tax shall be levied only upon the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade, except for transactions between dealers involving exchange of the property from inventory:

- Motor vehicles;
- Watercraft;
- Aircraft;
- Chain saws;
- Special mobile equipment;
- Trailers and truck campers.

### Reason(s) for exemption

The value of the trade-in was taxed when the product was originally purchased.

### Estimated General Fund revenue loss

FY '22 \$32,970,000

FY '23 \$29,958,000

FY '24 \$28,744,000

FY '25 \$28,437,000

### Method used to calculate the revenue loss

The estimate is based on a combination of data from National Automobile Dealers Association annual reports on the used automobile market and tax return data from retailers of eligible tangible personal property.

## **2.119 Donations to exempt organization.**

*36 M.R.S.A. § 1864.*

A use tax is not imposed on the donation of merchandise by a retailer from inventory, including merchandise that has been returned to the retailer, to an organization if sales to that organization are exempt from sales tax under section 1760 or if that organization is exempt from taxation under the Code, Section 501(c)(3).

### Reason(s) for exemption

Provide an incentive for donations to exempt organizations.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.120 Refund of sales tax on goods removed from the state.**

*36 M.R.S.A. § 2012.*

When a business which operates from fixed locations within and without this State purchases supplies and equipment in this State, places them in inventory in this State, and subsequently withdraws them from inventory either for use at a location of the business in another taxing jurisdiction or for fabrication, attachment or incorporation into other tangible personal property for use at a location of the business in another taxing jurisdiction, without having made use other than storage or such fabrication, attachment or incorporation within this State, it may request a refund of Maine sales tax paid at the time of purchase, provided it maintains inventory records by which the acquisition and disposition of such supplies and equipment purchased can be traced. No refund shall be made where the taxing jurisdiction to which the supplies and equipment are removed levies a sales or use tax. Such refunds must be requested in accordance with section 2011 (Overpayment; refunds).

### Reason(s) for exemption

The goods are being used outside of the State.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.121 Refund of sales tax on depreciable machinery and equipment purchases.**

*36 M.R.S.A. § 2013.*

This section applies to persons engaged in commercial farming, commercial fishing (including commercial aquaculture), and/or commercial wood harvesting, and persons operating commercial nurseries and greenhouses. Although this is a refund provision, it does provide an exemption for purchases made after certification. Prior to certification or in cases where an exemption card cannot be used to purchase a certain item, the purchaser can seek a refund. The exemption card, which is issued by Maine Revenue Services, can be used to purchase qualifying depreciable machinery and equipment, including repair parts for such, free of tax.

This section also provides for the refund of sales tax paid on eligible purchases of electricity and fuel.

### Reason(s) for exemption

Provide financial support to commercial agriculture, aquaculture, fishing and wood harvesting.

### Estimated General Fund revenue loss

FY '22 \$17,243,000

FY '23 \$19,279,000

FY '24 \$20,584,000

FY '25 \$21,223,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model and information from sales tax returns.

### Number of exemptions on file

Farmers – 1001

Commercial Fishing – 1682

Wood Harvesting – 360

## **2.122 Fish passage facilities.**

*36 M.R.S.A. § 2014.*

Taxes on the sale or use of materials used in the construction of fish passage facilities in new, reconstructed or redeveloped dams, when the fish passage facilities are built in accordance with plans and specifications approved by the Department of Inland Fisheries and Wildlife or the Department of Marine Resources are refundable.

### Reason(s) for exemption

Provide an incentive for the installation of fish passage facilities.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.123 Refund of sales tax on purchases of parts and supplies for windjammers.**

*36 M.R.S.A. § 2020.*

Purchases of parts and supplies for use in the operation, repair or maintenance of a windjammer are exempt from the sales and use tax. The purchaser may receive a refund of tax paid on purchase parts and supplies tax exempt upon presentation of a certificate issued to the purchaser by the State Tax Assessor.

### Reason(s) for exemption

Provide financial support to the businesses that sell cruises on windjammers.

### Estimated General Fund revenue loss

FY '22 \$50,000 – 249,999

FY '23 \$50,000 – 249,999

FY '24 \$50,000 – 249,999

FY '25 \$50,000 – 249,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

### Number of exemptions on file

9

## **2.124 Reimbursement of the sales tax paid on certain battery energy storage systems.**

*36 M.R.S.A. § 2021.*

Purchases of qualifying battery energy storage systems on or after January 1, 2023 and before December 31, 2025 are exempt from the sales and use tax. A person that purchases a qualifying battery energy storage system and pays the tax imposed pursuant to this Part may submit a claim for reimbursement on a form prescribed by the assessor filed within 3 years of the payment of the sales or use tax to which the reimbursement relates, except that a claim for reimbursement may not be submitted prior to July 1, 2023.

### Reason(s) for exemption

Provide incentives to support the development and installation of energy storage systems in Maine.

### Estimated General Fund revenue loss

FY '22 \$0

FY '23 \$1,962,000

FY '24 \$2,803,000

FY '25 \$841,000

### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.



## **2.125 Amusement & recreational services.**

*36 M.R.S.A. § 1752.11.*

Amusement and recreational services include membership clubs, participant sports centers, amusement parks, camp grounds and related recreational services, motion picture services, live entertainment, spectator sports, museums and libraries, photo studios, repair of audio-visual, photographic and information processing equipment, casino gambling, lotteries, pari-mutuel net receipts, veterinary and other services for pets, and maintenance and repair of recreational vehicles and sports equipment.

### Reason(s) for exemption

These amusement and recreational services have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$79,576,000  
FY '23 \$83,420,000  
FY '24 \$87,606,000  
FY '25 \$91,699,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$14,069,000  
FY '23 \$15,579,000  
FY '24 \$16,623,000  
FY '25 \$17,467,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.126 Medical services.**

*36 M.R.S.A. § 1752.11.*

Medical services include physician services, dental services, home health care, medical laboratories, specialty outpatient care facilities and health and allied services, all other professional medical services, nonprofit hospitals' services to households, proprietary hospitals, government hospitals, nonprofit nursing homes' services to households and proprietary and government nursing homes.

### Reason(s) for exemption

Medical services are a necessity of life that have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$662,472,000

FY '23 \$691,161,000

FY '24 \$738,796,000

FY '25 \$792,447,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$15,577,000

FY '23 \$17,038,000

FY '24 \$18,196,000

FY '25 \$19,134,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.127 Educational services.**

*36 M.R.S.A. § 1752.11.*

Educational services include proprietary and public higher education, nonprofit private higher education services to households, elementary and secondary schools, day care and nursery schools and commercial and vocational schools.

### Reason(s) for exemption

Educational services have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$97,259,000  
FY '23 \$103,374,000  
FY '24 \$110,739,000  
FY '25 \$117,644,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$8,831,000  
FY '23 \$9,674,000  
FY '24 \$10,312,000  
FY '25 \$10,829,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.128 Social services.**

*36 M.R.S.A. § 1752.11.*

Services in this category include child care, homes for the elderly, residential mental health and substance abuse facilities, individual and family services, vocational rehabilitation services, community food and housing/emergency/other relief services, other social assistance, social advocacy and civic and social organizations, religious organizations' services to households, and foundations and grant making and gift giving to households.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$84,624,000  
FY '23 \$89,945,000  
FY '24 \$96,353,000  
FY '25 \$102,361,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$306,000  
FY '23 \$336,000  
FY '24 \$358,000  
FY '25 \$376,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## 2.129 Financial services.

36 M.R.S.A. § 1752.11.

Services in this category include commercial banks, other depository institutions and regulated investment companies, pension funds, financial service charges and fees, exchange listed equities, other direct commissions, over-the-counter equity securities, other imputed commissions, mutual fund sales charges, portfolio management and investment advice service, trust, fiduciary, and custody activities, life insurance, net household insurance, medical care and hospitalization insurance, income loss insurance, workers' compensation insurance, and net motor vehicle and other transportation insurance.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$206,344,000  
FY '23 \$205,146,000  
FY '24 \$210,017,000  
FY '25 \$220,235,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$319,343,000  
FY '23 \$346,298,000  
FY '24 \$367,530,000  
FY '25 \$385,392,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.130 Consumer purchases of personal, household and business services.**

*36 M.R.S.A. § 1752.11.*

Services in this category include legal services, tax preparation and other related services, employment agency services, other personal business services, labor organization dues, professional association dues, funeral and burial services, hairdressing salons and personal grooming establishments, miscellaneous personal care services, laundry and dry cleaning services, clothing repair, rental and alteration services, repair and hire of footwear, domestic services, moving storage and freight services, repair of furniture, furnishings and floor coverings, repair of household appliances, other household services, and garbage and trash collection.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss

FY '22 \$104,694,000

FY '23 \$111,246,000

FY '24 \$119,094,000

FY '25 \$126,422,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.131 Business purchases of repair, maintenance and personal services.**

*36 M.R.S.A. § 1752.11.*

This category includes automotive repair and maintenance, car wash, electronic and precision equipment repair and maintenance, commercial and industrial machinery repair and maintenance, personal and household goods repair and maintenance, personal care services dry cleaning and laundry services, and other personal services.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss

FY '22 \$28,201,000

FY '23 \$30,623,000

FY '24 \$31,752,000

FY '25 \$32,639,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## 2.132 Information services.

36 M.R.S.A. § 1752.11.

This category includes purchases of delivery services (except from the U.S. Postal Service), internet access, directory mailing list and other publishing services, motion picture and video services, sound recording services, radio and television broadcasting services, internet publishing and broadcasting services, internet service providers and web search portals, data processing hosting and related services and other information services.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$31,754,000

FY '23 \$33,750,000

FY '24 \$36,155,000

FY '25 \$38,409,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$43,169,000

FY '23 \$47,510,000

FY '24 \$50,543,000

FY '25 \$52,957,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.



## **2.133 Transportation services.**

*36 M.R.S.A. § 1752.11.*

Services in this category include purchases of motor vehicle maintenance and repair services, parking fees and tolls, railway transportation, intercity buses, taxicabs, Intracity mass transit, other road transportation services, air transportation, water transportation, scenic and sightseeing transportation, support activities for transportation, truck transportation, couriers and messengers, and warehousing and storage services purchased by businesses.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$41,911,000  
FY '23 \$48,035,000  
FY '24 \$48,854,000  
FY '25 \$49,244,000

### Estimated General Fund revenue loss on business purchases

FY '22 \$78,271,000  
FY '23 \$85,238,000  
FY '24 \$90,584,000  
FY '25 \$95,040,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.134 Business purchases of legal, business, administrative and support services.**

*36 M.R.S.A. § 1752.11.*

Services in this category include purchases of legal services, accounting, tax preparation, bookkeeping and payroll services, architectural, engineering and related services, specialized design services, custom computer programming services, computer systems design services, other computer related services including facilities management, management, scientific and technical consulting services, environmental and other technical consulting services, scientific research and development services, advertising and related services, all other miscellaneous professional, scientific and technical services, photographic services, veterinary services, management of companies and enterprises, other administrative services, facilities support services, business support services, investigation and security services, services to buildings and dwellings, other support services, employment services, travel arrangement and reservation services, and waste management and remediation services.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss

FY '22 \$589,114,000

FY '23 \$644,442,000

FY '24 \$685,463,000

FY '25 \$719,682,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.135 Business purchases of construction services for maintenance and repair.**

*36 M.R.S.A. § 1752.11.*

This category includes residential building, commercial and institutional building, manufacturing and industrial building, water, sewer and pipeline construction services. The purchase of tangible personal property by a construction contractor or a subcontractor that is to be physically incorporated in and become a permanent part of real property for sale is subject to tax unless the construction contract is with government or an exempt organization.

### Reason(s) for exemption

These services have never been taxed.

### Estimated General Fund revenue loss

FY '22 \$50,961,000

FY '23 \$55,209,000

FY '24 \$58,577,000

FY '25 \$61,393,000

### Method used to calculate the revenue loss

Sales tax micro-simulation model.

## **2.136 Casual sales.**

*36 M.R.S.A. § 1752.11.B (1)*

Casual sales are exempt from tax. “Casual sale” means an isolated transaction in which tangible personal property or a taxable service is sold other than in the ordinary course of repeated and successive transactions of like character by the person making the sale. “Casual sales” include transactions at a bazaar, fair, rummage sale, picnic or similar event by a civic, religious or fraternal organization that is not a registered retailer. The sale by a registered retailer of tangible personal property that that retailer has used in the course of the retailer’s business is not a “casual sale” if that property is of like character to that sold by the retailer in the ordinary course of repeated and successive transactions. “Casual sale” does not include any transaction in which a retailer sells tangible personal property or a taxable service on behalf of the owner of that property or the provider of that service.

Casual sales involving the sale of camper trailers, truck campers, motor vehicles, special mobile equipment except farm tractors and lumber harvesting vehicles or loaders, livestock trailers, watercraft or aircraft (From July 1, 2011 to June 30, 2033 all sales of aircraft are exempt.) except those sold for resale at retail sale or to a corporation, partnership, limited liability company or limited liability partnership when the seller is the owner of 50% or more of the common stock of the corporation or of the ownership interests in the partnership, limited liability company or limited liability partnership are subject to tax.

The sales tax must be levied upon all casual rentals of living quarters in a hotel, rooming house or tourist or trailer camp. This does not apply to the rental of living quarters rented for a total of fewer than 15 days in the calendar year, except that a person who owns and offers for rental more than one property in the State during the calendar year is liable for collecting sales tax with respect to the rental of each unit regardless of the number of days for which it is rented.

When individuals who are not in the business of selling goods dispose of their own used household items by selling them at a yard sale or similar event, or by placing an advertisement in the classified section of a newspaper, they are making casual sales. If the property sold is a motor vehicle, aircraft, watercraft, camper trailer, livestock trailer or special mobile equipment, the purchaser is responsible for the payment of the sales tax directly to the State.

### Reason(s) for exemption

These are isolated sales by people who are not in the business of selling goods.

### Estimated General Fund revenue loss

FY ‘22 \$1,000,000 - 2,999,999

FY ‘23 \$1,000,000 - 2,999,999

FY ‘24 \$1,000,000 - 2,999,999

FY ‘25 \$1,000,000 - 2,999,999

Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## **2.137 Sales by executors.**

*36 M.R.S.A. § 1752.11.B (2).*

Any sale by a personal representative in the settlement of any estate, unless the sale is made through a retailer, or unless the sale is made in the continuation or operation of a business is exempt from tax.

### Reason(s) for exemption

These are isolated sales that occur because of the settlement of an estate.

### Estimated General Fund revenue loss

FY '22 \$0 - 49,999

FY '23 \$0 - 49,999

FY '24 \$0 - 49,999

FY '25 \$0 - 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

# **General Fund Service Provider Tax Expenditures**

## **2.138 Telecommunications services.**

*36 M.R.S.A. § 2557.33 & 34.*

All sales of international and interstate telecommunications service were exempt from tax through December 31, 2015. Effective January 1, 2016, consumer purchases of these services became taxable.

### Reason(s) for exemption

This exemption reduces the cost of interstate telephone calls for all consumers and businesses and is an economic development incentive for business.

### Estimated General Fund revenue loss on consumer purchases

FY '22 \$0  
FY '23 \$0  
FY '24 \$0  
FY '25 \$0

### Estimated General Fund revenue loss on business purchases

FY '22 \$1,000,000 - \$2,999,999  
FY '23 \$1,000,000 - \$2,999,999  
FY '24 \$1,000,000 - \$2,999,999  
FY '25 \$1,000,000 - \$2,999,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

# **Highway Fund Sales and Use Tax Expenditures**

## **2.139 Motor vehicle fuel.**

*36 M.R.S.A. § 1760.8-A.*

Purchases of motor fuels that are subject to the gasoline tax or the special fuel tax are exempt from sales and use tax.

### Reason(s) for exemption

Motor fuels are subject to the gasoline tax or the special fuel tax.

### Estimated Highway Fund revenue loss

FY '22 \$154,100,000

FY '23 \$238,665,000

FY '24 \$233,164,000

FY '25 \$212,986,000

### Method used to calculate the revenue loss

Actual and projected motor fuel tax revenue and estimates of the average prices of motor fuels are used to estimate the revenue loss.



# **Highway Fund Gasoline and Special Fuel Tax Expenditures**

## **2.140 State and local government exemption from the gasoline tax.**

*36 M.R.S.A. § 2903.*

Internal combustion engine fuel sold in bulk to any political subdivision of this State and purchases of gasoline by the State are exempt from the gasoline tax.

### Reason(s) for exemption

Retain funds for other public purposes.

### Estimated Highway Fund revenue loss

FY '22 \$829,000

FY '23 \$830,000

FY '24 \$836,000

FY '25 \$842,000

### Estimated other special revenue loss

FY '22 \$90,000

FY '23 \$91,000

FY '24 \$91,000

FY '25 \$91,000

### Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.

## **2.141 Gasoline exported from the state.**

*36 M.R.S.A. § 2903.*

Internal combustion engine fuel sold only for exportation from this State is exempt from the Special Fuel Tax.

### Reason(s) for exemption

The special fuel is being exported from this State.

### Estimated Highway Fund revenue loss

FY '22 \$35,690,000

FY '23 \$35,761,000

FY '24 \$36,006,000

FY '25 \$36,253,000

### Estimated other special revenue loss

FY '22 \$3,884,000

FY '23 \$3,891,000

FY '24 \$3,918,000

FY '25 \$3,945,000

### Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on fuel tax return forms.

## **2.142 Refund of the gasoline tax for off-highway use and for certain bus companies.**

*36 M.R.S.A. § 2908 and 2909.*

The excise tax paid on internal combustion engine fuel bought and used for the purpose of operating or propelling commercial motor boats, tractors used for agricultural purposes not operating on public ways, or for registered vehicles operating off the highways of this State, or vehicles owned or operated by railroad companies while operating on rails or tracks, or in stationary engines, or in the mechanical or industrial arts, or for any other commercial use except in nonrailroad motor vehicles operated or intended to be operated upon any of the public highways of this State, or turnpikes operated and maintained by the Maine Turnpike Authority is refundable less one cent per gallon. All fuel qualifying for a refund is subject to the use tax.

Any person, firm or corporation engaged in furnishing common carrier passenger service under a certificate issued by the Public Utilities Commission shall be reimbursed and repaid to the extent of the entire amount of the gasoline tax paid by him upon that portion of the internal combustion engine fuel used in locally encouraged vehicles (Buses upon which no excise tax is collected, under section 1483, subsection 13.) operated by him which his tax-exempt passenger fare revenue derived from such service bears to his total passenger fare revenue. Tax-exempt passenger fare revenue means revenue attributable to fares which were exempt from the federal tax upon transportation of persons imposed by section 4261 of the Federal Internal Revenue Code, by reason of sections 4262 or 4263 of said Internal Revenue Code. Total passenger fare revenue means all revenue attributable to the claimant's passenger operations, whether or not pursuant to the certificate issued by the Public Utilities Commission. The refund is made only if the claimant's tax-exempt passenger fare revenue is at least 60% of the claimant's total passenger fare revenue derived during the calendar quarter for which such refund is claimed.

### Reason(s) for exemption

The fuel is being used for off-highway purposes. The exemption for certain bus companies encourages the provision of free transportation to certain persons.

### Estimated Highway Fund revenue loss

FY '22 \$149,000

FY '23 \$209,000

FY '24 \$212,000

FY '25 \$215,000

### Estimated other special revenue loss

FY '22 \$17,000

FY '23 \$23,000

FY '24 \$23,000

FY '25 \$24,000

Method used to calculate the revenue loss  
The estimate is based on actual refunds issued.

## **2.143 Refund of the gasoline tax to government agencies and political subdivisions.**

*36 M.R.S.A. § 2910-B.*

Any government agency that buys and uses internal combustion engine fuel and that has paid the gasoline tax must be reimbursed in the amount of the tax paid upon presenting to the State Tax Assessor a statement accompanied by the original invoices showing the purchases. By contractual agreement, a government agency may assign to another person its right to receive refunds. Applications for refunds must be filed with the assessor within 12 months from the date of purchase.

"Government agency" means the State, or any political subdivision of the State, or the Federal Government.

### Reason(s) for exemption

Retain funds for other public purposes.

### Estimated Highway Fund revenue loss

FY '22 \$1,273,000

FY '23 \$1,261,000

FY '24 \$1,270,000

FY '25 \$1,279,000

### Estimated other special revenue loss

FY '22 \$139,000

FY '23 \$137,000

FY '24 \$138,000

FY '25 \$139,000

### Method used to calculate the revenue loss

The estimate is based on actual refunds issued.

## **2.144 State & local government exemption from the special fuel tax.**

*36 M.R.S.A. § 3204-A.3.*

Sales of special fuel to this State or any political subdivision of this State are exempt from the special fuel tax.

### Reason(s) for exemption

Retain funds for other public purposes.

### Estimated Highway Fund revenue loss

FY '22 \$1,908,000

FY '23 \$1,895,000

FY '24 \$1,916,000

FY '25 \$1,936,000

### Estimated other special revenue loss

FY '22 \$155,000

FY '23 \$154,000

FY '24 \$155,000

FY '25 \$157,000

### Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.

## **2.145 Special fuel exported from the state.**

*36 M.R.S.A. § 3204-A.*

Special fuel sold only for exportation from this State is exempt from the Special Fuel Tax.

### Reason(s) for exemption

The special fuel is being exported from this State.

### Estimated Highway Fund revenue loss

FY '22 \$11,337,000

FY '23 \$11,260,000

FY '24 \$11,382,000

FY '25 \$11,506,000

### Estimated other special revenue loss

FY '22 \$919,000

FY '23 \$913,000

FY '24 \$923,000

FY '25 \$933,000

### Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.

## **2.146 Refund of special fuel tax for off-highway use and for certain bus companies.**

*36 M.R.S.A. §§ 3215 and 3218.*

The excise tax paid on special fuel bought and used for the purpose of operating or propelling motor boats, tractors used for agricultural purposes not operating on public ways, or in such vehicles as run only on rails or tracks, in stationary engines, in the mechanical or industrial arts, for registered vehicles operating off the highways of this State, or for any other use except in registered motor vehicles operated on the highways of this State is refundable less one cent per gallon. All fuel qualifying for a refund is subject to use tax.

Any person, firm or corporation engaged in furnishing common carrier passenger services under a certificate issued by the Public Utilities Commission is reimbursed and repaid to the extent of the entire amount of that tax paid by him upon that proportion of the combustible gases and liquids used in an internal combustion engine used in locally encouraged vehicles (Buses upon which no excise tax is collected, under section 1483, subsection 13.) operated by him, which his tax-exempt passenger fare revenue derived from that service bears to his total passenger fare revenue. "Tax-exempt passenger fare revenue" means revenue attributable to fares which were exempt from the federal tax upon transportation of persons imposed by the United States Internal Revenue Code Section 4261, by reasons of the United States Internal Revenue Code, Section 4262 or 4263. "Total passenger fare revenue" means all revenue attributable to the claimant's passenger operations, whether or not pursuant to the certificate issued by the Public Utilities Commission. The refund shall be made only if the claimant's tax-exempt passenger fare revenue is at least 60% of the claimant's total passenger fare revenue derived during the calendar quarter for which that refund is claimed.

### Reason(s) for exemption

The fuel is being used for off-highway purposes. The purpose of the common carrier exemption is to encourage the provision of free transportation to certain persons.

### Estimated Highway Fund revenue loss

FY '22 \$2,087,000  
FY '23 \$2,226,000  
FY '24 \$2,192,000  
FY '25 \$2,159,000

### Estimated other special revenue loss

FY '22 \$170,000  
FY '23 \$180,000  
FY '24 \$178,000  
FY '25 \$176,000



Method used to calculate the revenue loss

The estimate is based on actual refunds issued.

## **2.147 Refund of special fuel tax to government agencies and political subdivisions**

*36 M.R.S.A. §s 3208-A.*

Any government agency that buys and uses special fuel and that has paid special fuels tax is eligible for reimbursement in the amount of the tax paid. By contractual agreement, a government agency may assign to another person its right to receive funds. A refund application on a form prescribed by the State Tax Assessor must be filed to claim a refund pursuant to this section. Applications for refunds must be filed with the assessor within 12 months from the date of purchase.

"Government agency" means the State, or any political subdivision of the State, or the Federal Government.

### Reason(s) for exemption

The fuel is being used for off-highway purposes. The purpose of the common carrier exemption is to encourage the provision of free transportation to certain persons.

### Estimated Highway Fund revenue loss

FY '22 \$377,000  
FY '23 \$385,000  
FY '24 \$370,000  
FY '25 \$356,000

### Estimated other special revenue loss

FY '22 \$31,000  
FY '23 \$31,000  
FY '24 \$30,000  
FY '25 \$29,000

### Method used to calculate the revenue loss

The estimate is based on actual refunds issued.

# **Multimodal Transportation Fund Aeronautical Fuel Tax Expenditures**

## **2.148 Excise tax exemption on jet or turbojet fuel.**

*36 M.R.S.A. § 2903.4*

Fuel bought or used by any person to propel jet or turbojet engine aircraft in international flight is exempt from the aeronautical jet fuel tax.

### Reason(s) for exemption

Foreign commerce

### Estimated Multimodal Transportation Fund revenue loss

FY '22 \$96,000  
FY '23 \$110,000  
FY '24 \$111,000  
FY '25 \$111,000

### Method used to calculate the revenue loss

The estimated revenue loss is based on information reported on motor fuel tax returns.

## **2.149 Refund of gasoline tax to users of aircraft.**

*36 M.R.S.A. § 2910.*

The gasoline excise tax paid on internal combustion engine fuel bought or used for the purpose of propelling piston engine aircraft is refundable to the user, less four cents per gallon. If the fuel tax is refunded, the purchase of the fuel is subject to the sales tax.

### Reason(s) for exemption

Off-highway use.

### Estimated Multimodal Transportation Fund revenue loss

FY '22 \$20,000

FY '23 \$20,000

FY '24 \$20,000

FY '25 \$20,000

### Method used to calculate the revenue loss

The estimate is based on the value of refunds issued.

# **Cigarette Tax Exemption**

## **2.150 Cigarette stamp tax deduction for licensed distributors.**

*36 M.R.S.A. § 4366-A.2.*

Cigarette tax stamps are sold to licensed distributors at a discount from their face value. Stamps with a face value of 100 mills (\$2.00) are sold at a discount of 1.15%.

### Reason(s) for exemption

The discount provides a subsidy to licensed distributors to help them cover the cost of affixing the tax stamps to packages of cigarettes.

### Estimated General Fund revenue loss

FY '22 \$1,331,301

FY '23 \$1,307,396

FY '24 \$1,284,534

FY '25 \$1,262,532

### Method used to calculate the revenue loss

The estimated revenue loss is based on the cigarette tax revenue forecast.

## **Special Revenue Tax Expenditures**

### **2.151 Wild blueberries grown on tribal land.**

*36 M.R.S.A. § 4303-B.*

The blueberry tax imposed by section 4303 does not apply to wild blueberries grown on tribal land.

#### Reason(s) for exemption

Provide economic benefits to the tribes, their tribal lands and tribal members, to surrounding communities and to the State; and to clarify and simplify the application of the State's tax laws to the tribes, their tribal lands and tribal members.

#### Estimated Multimodal Transportation Fund revenue loss

FY '22 \$0

FY '23 \$0

FY '24 \$95,000

FY '25 \$95,000

#### Method used to calculate the revenue loss

Based on the fiscal note prepared for the enacted legislation.

## **2.152 Potatoes grown on tribal land.**

*36 M.R.S.A. § 4605.1-A.*

The potato tax imposed by section 4605 does not apply to any potatoes grown on tribal land.

### Reason(s) for exemption

Provide economic benefits to the tribes, their tribal lands and tribal members, to surrounding communities and to the State; and to clarify and simplify the application of the State's tax laws to the tribes, their tribal lands and tribal members.

### Estimated Multimodal Transportation Fund revenue loss

FY '22 \$0

FY '23 \$0

FY '24 \$0 – 49,999

FY '25 \$0 – 49,999

### Method used to calculate the revenue loss

The revenue loss is estimated as a range of possible values because little or no data is available.

## Appendix A: General Fund Tax Expenditures – Income Tax (Personal and Corporate) and Property Tax Reimbursement

General Fund Income Tax Expenditures	36 MRSA §	FY'22	FY'23	FY'24	FY'25
Reimbursement For Business Equipment Tax Exemption to Municipalities	Chapter 105, Subchapter 4-c	\$58,399,654	\$61,610,000	\$66,190,000	\$70,660,000
Reimbursement for Taxes Paid on Certain Business Property (BETR)	Chapter 915	\$19,625,176	\$19,000,000	\$17,500,000	\$16,500,000
Income from depreciation recapture on sale of multi-family affordable housing property	5122(2)(Z)	\$32,000	\$32,000	\$32,000	\$32,000
Deduction for Social Security Benefits Taxable at Federal Level	5122(2)(C)	\$122,050,000	\$131,150,000	\$147,050,000	\$155,500,000
Deduction for Contributions to Capital Construction Funds	5122(2)(I)	\$172,000	\$287,000	\$287,000	\$287,000
Deduction for Pension Income	5122(2)(M)	\$33,500,000	\$67,750,000	\$78,300,000	\$88,700,000
Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	5122(2)(N)	\$107,000	\$110,000	\$113,000	\$116,000
Deduction for Holocaust Victim Settlement Payments	5122(2)(O)	A	A	A	A
Deduction for active duty military pay earned outside of Maine	5122(2)(LL)	\$1,780,000	\$1,990,000	\$2,080,000	\$2,140,000
Military annuity payments made to survivor	5122(2)(HH)	\$162,000	\$162,000	\$162,000	\$162,000
Family development account proceeds	10 MRSA §1077	A	A	A	A
Municipal property tax benefits for senior citizens	5122(2)(EE)	A	A	A	A
Deduction for gain on sales of eligible timberlands	5122(2)(U)	\$11,000	\$190,000	\$230,000	\$250,000
Deduction for student loan payments made directly to lender by a program funded by a nonprofit and administered by FAME	5122(2)(XX)	\$0	\$50,000	\$50,000	\$50,000
Exclusion of income earned by tribal members on tribal land	5122(2)(ZZ) and 5122(1)(PP)	\$0	\$0	\$45,000	\$45,000
Deduction for contributions to a 529 plan	5122(2)(YY)	\$0	\$0	\$950,000	\$997,500
Itemized Deductions	5125	\$8,150,000	\$7,150,000	\$7,550,000	\$7,650,000
Additional standard deduction for the elderly and disabled	5124-A	\$10,900,000	\$9,350,000	\$9,800,000	\$10,050,000
Deduction for Exempt Associations, Trusts and Organizations	5162(2)	B	B	B	B
Deduction for Interest and Dividends on U.S., Maine State and Local Securities	5200-A(2)(K)	C	C	C	C
Deduction for interest on Maine Space Corporation Bond Interest	Title 5, 3207(2)(B)	\$0	\$0	A	A
Nexus carve out for out-of-state suppliers of spirits	5202-D	\$0	\$366,000	\$377,000	\$389,000
Sales Tax Fairness Credit	5213-A	\$26,288,000	\$28,884,000	\$28,067,000	\$30,162,000
Credit to Beneficiary for Accumulation Distribution	5214-A	B	B	B	B
Seed Capital Investment Tax Credit	5216-B	\$4,903,000	\$5,209,000	\$5,240,000	\$4,918,000
Student Loan Repayment Tax Credit*	5217-E	\$0	\$45,040,000	\$69,605,000	\$75,660,000
Employer Support for Volunteer Firefighters Tax Credit	5217-F	\$0	\$335,000	\$335,000	\$335,000
Income Tax Credit for Child Care Expense	5218	\$13,240,000	\$4,110,000	\$4,110,000	\$4,110,000
Adult dependent care credit	5218-A	\$38,000	\$38,000	\$38,000	\$38,000
Research Expense Tax Credit	5219-K	\$2,630,000	\$2,940,000	\$3,090,000	\$3,240,000
Earned Income Credit**	5219-S	\$31,040,000	\$38,680,000	\$40,190,000	\$44,750,000
Pine Tree Development Zone Tax Credit	5219-W	\$5,380,000	\$5,280,000	\$5,510,000	\$4,740,000
Biofuel commercial production and commercial use	5219-X	\$0	\$0	B	B
Tax Benefits for Media Production Companies	5219-Y, c.	\$339,000	\$1,050,000	\$860,000	\$860,000
Credit for Rehabilitation of Historic Properties	919-A	\$7,964,000	\$9,030,000	\$11,127,000	\$12,645,000
Dental Care Access Credit	5219-BB	\$92,000	\$133,000	\$161,000	\$119,000
Innovation Finance Credit	5219-DD	\$0	\$0	*	*
Credit for Wellness Programs	5219-EE	\$2,700	A	A	A
New Markets Capital Investment Credit	5219-FF	\$4,239,994	\$3,654,347	\$3,679,550	\$2,973,883
Property Tax Fairness Credit	5219-GG	\$47,253,000	\$72,024,000	\$70,055,000	\$74,453,000
Primary Care Access Credit	5219-HH	\$85,000	\$159,000	\$182,000	\$206,000
Maine Capital Investment Credit for tyboa 1/1/20	5219-LL	\$5,110,000	\$6,060,000	\$5,830,000	\$4,910,000

A represents an estimated spread of \$0 - \$10,000

B represents an estimated spread of \$0 - \$49,999

C represents an estimated spread of \$20,000 - \$100,000

D represents an estimated spread of \$500,000 - \$2,000,000

E represents an estimated spread of \$5,000,00 - \$6,000,000

\* Represents a potential liability

\*\*\*The General Fund revenue loss from the EITC is net of reimbursements from TANF funds for the EITC. The gross revenue reduction from the EITC is approximately \$41 million in FY 2022 and \$49 million in FY 2023.



<b>General Fund Income Tax Expenditures</b>	<b>36 MRSA §</b>	<b>FY'22</b>	<b>FY'23</b>	<b>FY'24</b>	<b>FY'25</b>
Credit for disability income protection plans in the workplace	5219-OO	\$2,250	A	A	A
Credit for certain homestead modifications	5219-PP	\$8,500	\$8,500	\$8,500	\$8,500
Credit for major business headquarters expansions	5219-QQ	\$0	\$764,000	\$760,000	\$760,000
Shipbuilding Facility Credit	5219-RR	\$2,865,000	\$3,087,500	\$3,087,500	\$3,087,500
	5219-UU				
Employer Credit for Family Leave	and 2536	\$10,000	\$40,000	\$40,000	\$40,000
Credit for major food processing and manufacturing facility expansion	5219-VV	\$0	\$0	\$1,453,500	\$1,453,500
Credit for affordable housing	5219-WW	\$0	\$0	\$9,531,000	\$6,541,000
Renewable chemicals tax credit	5219-XX	\$0	\$0	B	B
Credit for paper manufacturing facility investment	5219-YY	\$0	\$0	\$0	\$0
Access to Justice Income Tax Credit	5219-ZZ	\$0	\$24,000	\$48,000	\$67,000
Employment Tax Increment Financing	Chapter 917	\$9,228,143	\$9,416,219	\$8,850,000	\$9,500,000
	Title 5				
	Ch.383				
	SubCh. 3				
Loring Job Increment Financing	Art. 1-C	\$0	\$512,476	\$580,191	\$625,000
	Title 5				
Brunswick Naval Air Station Job Increment Financing	§13083-S-1	\$564,195	\$633,467	\$690,000	\$725,000

CONFORMITY WITH INTERNAL REVENUE CODE DEFINITION OF FEDERAL ADJUSTED GROSS INCOME: ABOVE THE LINE DEDUCTIONS

Health Savings Accounts	5102(1-D)	\$2,509,000	\$2,625,000	\$2,741,000	\$2,852,000
Deduction for Interest of Student Loans	5102(1-D)	\$1,713,000	\$1,818,000	\$4,202,000	\$4,370,000
Moving Expenses Deduction	5102(1-D)	\$23,000	\$25,000	\$25,000	\$26,000
Pension Contributions -- Individual Retirement Plans	5102(1-D)	\$5,584,000	\$5,836,000	\$6,093,000	\$6,304,000
Pension Contributions -- Partners & Sole Proprietors --Self-employed SEP, SIMPLE, and KEOGH Plans	5102(1-D)	\$8,393,000	\$8,678,000	\$9,108,000	\$9,528,000
Self-Employed Medical Insurance Premiums	5102(1-D)	\$9,783,000	\$10,064,000	\$10,527,000	\$10,970,000
Teacher Expense Deduction	5102(1-D)	\$219,000	\$225,000	\$225,000	\$225,000

CONFORMITY WITH INTERNAL REVENUE CODE DEFINITION OF FEDERAL ADJUSTED GROSS INCOME: OTHER

Certain Interest Income Excluded from Federal Adjusted Gross Income	5102(1-D)	\$10,300,000	\$10,650,000	\$11,450,000	\$12,450,000
Section 179 Expensing	5102(1-D)	\$600,000	\$2,100,000	\$3,000,000	\$3,400,000
Deduction for dividends received by domestic corporations from certain foreign corporations	5102(1-D)	D	D	D	D
Opportunity Zones	5102(1-D)	E	E	E	E
Pension Contributions & Earnings -- Employer-Provided Pension Contributions and Earnings	5102(1-D)	\$302,100,000	\$346,000,000	\$389,600,000	\$441,800,000
Employer-Paid Medical Insurance and Expenses	5102(1-D)	\$196,500,000	\$199,700,000	\$209,500,000	\$221,000,000
Exclusion of Capital Gains at Death	5102(1-D)	\$35,000,000	\$37,300,000	\$37,600,000	\$38,600,000
Exclusion of Capital Gains on Sales of Principal Residences	5102(1-D)	\$28,600,000	\$26,900,000	\$26,500,000	\$27,200,000
Social Security and Railroad Retirement Benefits Untaxed at the Federal Level	5102(1-D)	\$69,900,000	\$73,300,000	\$77,700,000	\$82,300,000
Federal Conformity Other					
National Defense and International Affairs	5102(1-D)	\$8 - \$15 million per year			
Energy	5102(1-D)	\$1 - \$3 million per year			
Natural Resources and Environment	5102(1-D)	\$500,000 - \$2 million per year			
Commerce, General Science, Community and Regional Development, and Housing	5102(1-D)	\$60 - \$80 million per year			
Education, Training, Employment, and Social Services	5102(1-D)	\$30 - \$40 million per year			
Health and Income Security	5102(1-D)	\$40 - \$60 million per year			
Miscellaneous	5102(1-D)	\$30 - \$40 million per year			

A represents an estimated spread of \$0 - \$10,000  
B represents an estimated spread of \$0 - \$49,999  
C represents an estimated spread of \$20,000 - \$100,000  
D represents an estimated spread of \$500,000 - \$2,000,000  
E represents an estimated spread of \$5,000,000 - \$6,000,000

## Appendix B: General Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes

General Fund Sales & Use Tax Expenditures	36 MRSA	FY'22	FY'23	FY'24	FY'25
Exempt from Sales Tax the Fee Associated with the Paint	§ 1752.14	\$81,000	\$82,000	\$83,000	\$84,000
	1760.2 &				
Sales to the State & Political Subdivisions	2557.2	\$204,638,000	\$210,325,000	\$216,161,000	\$222,148,000
Grocery Staples	1760.3	\$206,486,000	\$216,860,000	\$230,881,000	\$242,637,000
Ships Stores	1760.4	B	B	B	B
Prescription Drugs	1760.5	\$128,478,000	\$136,717,000	\$145,484,000	\$154,813,000
Prosthetic or Orthotic Device	1760.5A	\$6,667,000	\$6,999,000	\$7,040,000	\$7,077,000
Meals Served by Public or Private Schools	1760.6A	\$6,444,000	\$6,628,000	\$6,822,000	\$7,030,000
Meals Served to Patients in Hospitals & Nursing Homes	1760.6B	\$7,905,000	\$8,143,000	\$8,330,000	\$8,517,000
Providing Meals for the Elderly	1760.6C	D	D	D	D
Providing Meals to Residents of Certain Nonprofit Congregate Housing Facilities	1760.6D	A	A	A	A
Certain Meals Served by Colleges to Employees of the College	1760.6E	A	A	A	A
Meals Served by Youth Camps that are Licensed by DHHS	1760.6F	C	C	C	C
Meals Served by a Retirement Facility to its Residents	1760.6G	D	D	D	D
	1760.7A-				
Products Used in Agricultural and Aquacultural Production & Bait	C	\$8,953,000	\$8,820,000	\$8,691,000	\$8,564,000
Certain Jet Fuel	1760.8B	\$5,421,000	\$7,296,000	\$5,339,000	\$4,974,000
Coal, Oil & Wood for Cooking & Heating Homes	1760.9	\$34,393,000	\$36,794,000	\$34,180,000	\$31,434,000
Fuel Oil for Burning Blueberry Land	1760.9A	A	A	A	A
First 750 KW Hours of Residential Electricity Per Month	1760.9B	\$35,910,000	\$47,660,000	\$52,830,000	\$53,540,000
Gas When Used for Cooking & Heating in Residences	1760.9C	\$18,249,000	\$21,397,000	\$21,871,000	\$22,193,000
Fuel and Electricity Used in Manufacturing	1760.9D	\$26,993,000	\$21,070,000	\$21,389,000	\$21,760,000
Fuel Oil or Coal which become an Ingredient or Component Part	1760.9G	A	A	A	A
Certain Returnable Containers	1760.12	D	D	D	D
Packaging Materials	1760.12A	\$28,243,000	\$30,623,000	\$31,850,000	\$32,864,000
Free Publications and Components of Publications	1760.14-A	\$1,210,000	\$1,210,000	\$1,210,000	\$1,210,000
	1760.16 &				
Sales to Hospitals, Research Centers, Churches and Schools	2557.3	F	F	F	F
Rental Charges for Living Quarters in Nursing Homes and Hospitals	1760.18	F	F	F	F
	1760.18A				
Sales to Certain Residential Child Care Facilities	& 2557.4	C	C	C	C
Rental of Living Quarters at Schools	1760.19	\$15,242,000	\$16,029,000	\$16,627,000	\$16,881,000
Rental Charges on Continuous Residence for More Than 28 Days	1760.20	\$79,657,000	\$82,865,000	\$86,202,000	\$89,673,000
Automobiles Used in Driver Education Programs	1760.21	A	A	A	A
Certain Loaner Vehicles	1760.21A	C	C	C	C
Automobiles Sold to Amputee Veterans	1760.22	A	A	A	A
Certain Vehicles Purchased or Leased by Nonresidents	1760.23C	C	C	C	C
Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	1760.23D	D	D	D	D
Funeral Services	1760.24	\$8,148,000	\$7,927,000	\$8,098,000	\$8,248,000
Watercraft Purchased by Nonresidents	1760.25	C	C	C	C
Certain Sales of Snowmobiles and All terrain Vehicles to Nonresidents	1760.25C	A	A	A	A
	1760.26 &				
Sales to Ambulance Services & Fire Departments	2557.5	C	C	C	C
Sales to Comm. Mental Health, Substance Abuse Facilities & Facilities for the Developmentally Disabled	1760.28 & 2557.6	C	C	C	C
Water Pollution Control Facilities	1760.29	C	C	C	C
Air Pollution Control Facilities	1760.30	C	C	C	C
Machinery & Equipment	1760.31	\$31,500,000	\$32,140,000	\$32,792,000	\$33,458,000
New Machinery for Experimental Research	1760.32	B	B	B	B
Diabetic Supplies	1760.33	\$1,362,000	\$1,451,000	\$1,546,000	\$1,650,000
Sales Through Coin Operated Vending Machines	1760.34	\$1,236,000	\$1,284,000	\$1,334,000	\$1,386,000
Goods & Services for Seeing Eye Dogs	1760.35	A	A	A	A
	1760.37 &				
Sales to Regional Planning Agencies	2557.7	A	A	A	A
Water Used in Private Residences	1760.39	\$9,206,000	\$9,410,000	\$9,618,000	\$9,831,000
Mobile & Modular Homes	1760.40	\$5,382,000	\$5,611,000	\$5,848,000	\$6,096,000

A represents an estimated spread of \$0 - \$49,999

B represents an estimated spread of \$50,000 - \$249,999

C represents an estimated spread of \$250,000 - \$999,999

D represents an estimated spread of \$1,000,000 – \$2,999,999

E represents an estimated spread of \$3,000,000 - \$5,999,999

F represents an estimated spread of \$6,000,000 or more

<b>General Fund Sales &amp; Use Tax Expenditures</b>	<b>36 MRSA §</b>	<b>FY'22</b>	<b>FY'23</b>	<b>FY'24</b>	<b>FY'25</b>
Property Used in Interstate Commerce	1760.41 &	D	D	D	D
Sales to Historical Societies & Museums	2557.8 &	B	B	B	B
Sales to Child Care Facilities	1760.43 &	B	B	B	B
Sales to Church Affiliated Residential Homes	2557.9 &	B	B	B	B
Certain Property Purchased Out of State	1760.44 &	A	A	A	A
Sales to Organ. that Provide Residential Facilities for Med. Patients	2557.10 &	A	A	A	A
Sales to Emergency Shelters & Feeding Organizations	1760.45 &	D	D	D	D
Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	1760.46 &	A	A	A	A
Sales to any Nonprofit Free Libraries	2557.11 &	A	A	A	A
Sales to Veterans Memorial Cemetery Associations	1760.47A &	C	C	C	C
Railroad Track Materials	2557.12 &	C	C	C	C
Sales to Nonprofit Rescue Operations	1760.49 &	C	C	C	C
Sales to Hospice Organizations	2557.13 &	C	C	C	C
Sales to Nonprofit Youth & Scouting Organizations	1760.50 &	B	B	B	B
Self Help Literature on Alcoholism	2557.14 &	B	B	B	B
Portable Classrooms	1760.51 &	B	B	B	B
Sales to Certain Incorporated, Nonprofit Educational Orgs.	2557.15	A	A	A	A
Sales to Incorporated Nonprofit Animal Shelters	1760.52	\$824,000	\$886,000	\$909,000	\$927,000
Construction Contracts with Exempt Organizations	1760.53 &	A	A	A	A
Sales to Certain Charitable Suppliers of Medical Equipment	2557.16 &	A	A	A	A
Sales to Orgs that Fulfill the Wishes of Children with Life-threatening Diseases	1760.55 &	A	A	A	A
Sales by Schools & School Sponsored Organizations	2557.17 &	A	A	A	A
Sales to Monasteries and Convents	1760.56 &	A	A	A	A
Sales to Providers of Certain Support Systems for Single Parent Families	2557.18 &	C	C	C	C
Sales to Nonprofit Home Construction Organizations	1760.57	A	A	A	A
Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	1760.58	A	A	A	A
Sales to Orgs that Provide Certain Services for Hearing-impaired Persons	1760.59 &	A	A	A	A
Sales to State Chartered Credit Unions	2557.19	A	A	A	A
Sales to Nonprofit Housing Development Organizations	1760.60	A	A	A	A
Seedlings for Commercial Forestry Use	1760.61 &	D	D	D	D
Property Used in Manufacturing Production	2557.31 &	D	D	D	D
Meals& Lodging Provided to Employees	1760.62 &	A	A	A	A
Certain Aircraft Parts	2557.20	A	A	A	A
Sales to Eye Banks	1760.63 &	A	A	A	A
Sales of Certain Farm Animal Bedding & Hay	2557.21	A	A	A	A
Electricity Used for Net Billing	1760.64	C	C	C	C
Animal Waste Storage Facility	1760.65	A	A	A	A
Sales of Property Delivered Outside this State	1760.66 &	A	A	A	A
	2557.22	A	A	A	A
	1760.67 &	B	B	B	B
	2557.23	B	B	B	B
	1760.69 &	B	B	B	B
	2557.24	B	B	B	B
	1760.73	\$412,420,000	\$424,908,000	\$418,413,000	\$424,823,000
	1760.74	B	B	B	B
	1760.75	B	B	B	B
	1760.76	A	A	A	A
	1760.77 &	A	A	A	A
	2557.28	A	A	A	A
	1760.78	C	C	C	C
	1760.80	\$2,473,000	\$8,596,000	\$11,022,000	\$10,954,000
	1760.81	C	C	C	C
	1760.82	F	F	F	F

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<b>General Fund Sales &amp; Use Tax Expenditures</b>	<b>36 MRSA §</b>	<b>FY'22</b>	<b>FY'23</b>	<b>FY'24</b>	<b>FY'25</b>
Sales of Certain Printed Materials	1760.83 1760.84 & 2557.29	C	C	C	C
Sales to Centers for Innovation		A	A	A	A
Certain Sales by an Auxiliary Organization of the American Legion	1760.85	B	B	B	B
Pine Tree Development Zone Businesses; Reimbursement of Certain Taxes	2016	\$23,000	\$202,000	\$207,000	\$212,000
Sales of Tangible Personal Property to Qualified Development Zone Businesses	1760.87	D	D	D	D
Sales of Certain Aircraft	1760.88	B	B	B	B
Sale, Use or Lease of Aircraft and Sales of Repair and Replacement Parts	1760.88-A	\$612,000	\$602,000	\$650,000	\$703,000
Sales of Certain Qualified Snowmobile Trail Grooming Equipment	1760.90	\$21,000	\$21,000	\$21,000	\$21,000
Certain Sales of Electrical Energy	1760.91	C	C	C	C
Certain Vehicle Rentals	1760.92	B	B	B	B
Plastic Bags Sold to Redemption Centers	1760.93	\$42,000	\$43,000	\$45,000	\$46,000
Positive Airway Pressure Equipment and Supplies	1760.94	C	C	C	C
Sales of Certain Adaptive Equipment	1760.95 1760.98 & 2557.37	B	B	B	B
Sales to Certain Veterans Support Organizations	1760.99 & 2557.38	A	A	A	A
Sales to Nonprofit Library Collaboratives	1760.100	A	A	A	A
Sales to Certain Veterans Service Organizations	1760.101	\$2,626,000	\$2,782,000	\$2,933,000	\$3,084,000
Certain sales by civic, religious and fraternal organizations	1760.102	\$500	\$500	\$500	\$500
Nonprofit Heating Assistance Organizations	1760.103 & 2557.39	A	A	A	A
Certain Nonprofit Organizations Supporting Veterans	1760.104	B	B	B	B
Sales to Nonprofit Youth Camps	1760.105	A	A	A	A
Sales to Pet Food Pantries					
Locally organized member of nonprofit worldwide charitable organization	1760.106	\$205,500	\$211,600	\$218,000	\$224,500
Menstrual products	1760.107	\$551,000	\$857,000	\$906,000	\$948,000
Area agency on aging	1760.108	\$27,000	\$69,000	\$72,000	\$75,000
Nonprofit cemeteries	1760.109	\$2,000	\$6,000	\$6,000	\$6,000
Certain educational collaboratives	1760.110	\$2,000	\$4,000	\$4,000	\$4,000
Firearm safety devices	1760.111	\$52,000	\$105,000	\$104,000	\$104,000
Sales to Tribes	1760.112	\$0	A	A	A
Sales to Tribal Members	1760.113	\$0	A	B	B
Sales to Tribal Entities	1760.114	\$0	A	A	A
Trade In Credits	1765	\$32,970,000	\$29,958,000	\$28,744,000	\$28,437,000
Merchandise Donated from a Retailers Inventory to Exempt Organizations	1864	B	B	B	B
Refund of Sales Tax on Goods Removed from the State	2012	A	A	A	A
Refund of Sales Tax on Certain Depreciable Machinery and Equipment	2013	\$17,243,000	\$19,279,000	\$20,584,000	\$21,223,000
Fish Passage Facilities	2014	A	A	A	A
Refund of Sales Tax on Purchases of Parts and Supplies for Windjammers	2020	B	B	B	B
Reimbursement of the Sales Tax Paid on Certain Battery Energy Storage Systems	2021	\$0	\$1,962,000	\$2,803,000	\$841,000
Consumer Purchases of Medical Services	1752.11	\$662,472,000	\$691,161,000	\$738,796,000	\$792,447,000
Consumer Purchases of Transportation Services	1752.11	\$41,911,000	\$48,035,000	\$48,854,000	\$49,244,000
Consumer Purchases of Amusement and Recreational Services	1752.11	\$79,576,000	\$83,420,000	\$87,606,000	\$91,699,000
Consumer Purchases of Financial Services	1752.11	\$206,344,000	\$205,146,000	\$210,017,000	\$220,235,000
Consumer Purchases of Information Services Except Telecommunications	1752.11	\$31,754,000	\$33,750,000	\$36,155,000	\$38,409,000
Consumer Purchases of Education Services	1752.11	\$97,259,000	\$103,374,000	\$110,739,000	\$117,644,000
Consumer Purchases of Personal, Household and Business Services	1752.11	\$104,694,000	\$111,246,000	\$119,094,000	\$126,422,000

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<b>General Fund Sales &amp; Use Tax Expenditures</b>	<b>36 MRSA §</b>	<b>FY'22</b>	<b>FY'23</b>	<b>FY'24</b>	<b>FY'25</b>
Consumer Purchases of Social Services	1752.11	\$84,624,000	\$89,945,000	\$96,353,000	\$102,361,000
Business Purchases of Transportation Services	1752.11	\$78,271,000	\$85,238,000	\$90,584,000	\$95,040,000
Business Purchases of Information Services Except Telecommunications	1752.11	\$43,169,000	\$47,510,000	\$50,543,000	\$52,957,000
Business Purchases of Financial Services	1752.11	\$319,343,000	\$346,298,000	\$367,530,000	\$385,392,000
Business Purchases of Legal, Business, Administrative and Support Services	1752.11	\$589,114,000	\$644,442,000	\$685,463,000	\$719,682,000
Business Purchases of Educational Services	1752.11	\$8,831,000	\$9,674,000	\$10,312,000	\$10,829,000
Business Purchases of Medical Services	1752.11	\$15,577,000	\$17,038,000	\$18,196,000	\$19,134,000
Business Purchases of Social Services	1752.11	\$306,000	\$336,000	\$358,000	\$376,000
Business Purchases of Amusement and Recreational Services	1752.11	\$14,069,000	\$15,579,000	\$16,623,000	\$17,467,000
Business Purchases of Repair, Maintenance and Personal Services	1752.11	\$28,201,000	\$30,623,000	\$31,752,000	\$32,639,000
Business Purchases of Construction Services for Maintenance and Repair	1752.11	\$50,961,000	\$55,209,000	\$58,577,000	\$61,393,000
Casual Sales	1752.11	D	D	D	D
Sales by Executors	1752.11	A	A	A	A
Certain Telecommunications Services	2557.33,34	D	D	D	D
<b>General Fund Cigarette Tax Expenditure</b>					
Cigarette Stamp Tax Deduction for Licensed Distributors	4366A.2	\$1,331,301	\$1,307,396	\$1,284,534	\$1,262,532
<b>Highway Fund Sales &amp; Use Tax Expenditures</b>					
Motor Vehicle Fuel.	1760.8-A	\$154,100,000	\$238,665,000	\$233,164,000	\$212,986,000

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## Appendix C: Other Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes

### Real Estate Transfer Tax Expenditures

Exemptions of the Real Estate Transfer Tax, General Fund	\$11,000,000	\$10,420,000	\$10,110,000	\$10,050,000	\$11,000,000
Exemptions of the Real Estate Transfer Tax, HOME Fund	\$10,920,000	\$10,420,000	\$10,110,000	\$10,050,000	\$10,920,000

### Multimodal Transportation Fund Aeronautical Fuel Tax Expenditures

Excise Tax Exemption on Jet or Turbo Jet Fuel International Flights	2903.4	\$96,000	\$110,000	\$111,000	\$111,000
Refund of Excise Tax on Fuel Used in Piston Aircraft	2910	\$20,000	\$20,000	\$20,000	\$20,000

### Highway Fund Gasoline and Special Fuel Tax Expenditures

State and Local Government Exemption from the Gasoline Tax.	2903	\$829,000	\$830,000	\$836,000	\$842,000
Gasoline Exported from the State.	2903	\$35,690,000	\$35,761,000	\$36,006,000	\$36,253,000
Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Companies	2908 and 2909	\$149,000	\$209,000	\$212,000	\$215,000
Refund of the Gasoline Tax to Government Agencies and Political Subdivisions	2910-B	\$1,273,000	\$1,261,000	\$1,270,000	\$1,279,000
State & Local Government Exemption from the Special Fuel Tax	3204-A	\$1,908,000	\$1,895,000	\$1,916,000	\$1,936,000
Special Fuel Exported from the State.	3204-A	\$11,337,000	\$11,260,000	\$11,382,000	\$11,506,000
Refund of Special Fuel Tax for Off-Highway Use and for Certain Bus Companies	3215 and 3218	\$2,087,000	\$2,226,000	\$2,192,000	\$2,159,000
Refund of the Special Fuels Tax to Government Agencies and Political Subdivisions	3208-A	\$377,000	\$385,000	\$370,000	\$356,000

### Other Special Revenue

Wild Blueberries Grown on Tribal Land	4303-B	\$0	\$0	\$95,000	\$95,000
Potatoes Grown on Tribal Land	4605.1-A	\$0	\$0	A	A

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B represents an estimated spread of \$50,000 - \$249,999

C represents an estimated spread of \$250,000 - \$999,999

D represents an estimated spread of \$1,000,000 – \$2,999,999

E represents an estimated spread of \$3,000,000 - \$5,999,999

F represents an estimated spread of \$6,000,000 or more

## Appendix D: National Estimates of Tax Expenditures by Function Included in Expenditure 1.070: Federal Conformity, Other

Source: Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2022-2026*, (JCX-22-22, December 22, 2022)

Federal Fiscal Year	<i>Billions of Dollars</i>							
	Corporate				Individual			
	2022	2023	2024	2025	2022	2023	2024	2025
<b>A) National Defense and International Affairs</b>								
Deduction for overnight-travel expenses of national guard and reserve members	---	---	---	---	0.3	0.3	0.3	0.3
Exclusion of military disability benefits	---	---	---	---	0.3	0.3	0.3	0.4
Exclusion of combat pay	---	---	---	---	0.8	0.9	0.9	1
Exclusion of benefits and allowances to armed forces personnel	---	---	---	---	5.9	6.3	6.5	6.9
Exclusion of certain allowances for Federal employees abroad	---	---	---	---	1.6	1.7	1.7	1.8
Exclusion of certain income of CFCs under 951 and 951A	1	1.4	1.6	1.8	---	---	---	---
Special rules for interest-charge domestic international sales corporations	1.8	2	2.1	2.1	---	---	---	---
Election to be taxed on notional shipping income based on tonnage	0.1	0.1	0.1	0.1	---	---	---	---
Estimated General Fund revenue loss: \$8,000,000 - \$15,000,000								
<b>B) Energy</b>								
Exclusion of energy conservation subsidies provided by public utilities	---	---	---	---	[1]	[1]	[1]	[1]
Exclusion of interest on State and local government qualified private activity bonds for energy production facilities	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Energy efficient commercial buildings deduction	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Amortization of geological and geophysical expenditures associated with oil and gas exploration	0.1	0.1	0.1	0.1	[1]	[1]	[1]	[1]
Depreciation recovery periods for energy-specific items	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
10-year MACRS for smart electric distribution property	[1]	[1]	[1]	[1]	---	---	---	---
15-year MACRS for certain electric transmission property	[1]	[1]	[1]	[1]	---	---	---	---
15-year MACRS for natural gas distribution line	[1]	[1]	[1]	[1]	---	---	---	---

Federal Fiscal Year	Corporate				Individual			
	2022	2023	2024	2025	2022	2023	2024	2025
Amortization of air pollution control facilities	0.4	0.4	0.5	0.5	---	---	---	---
Excess of percentage over cost depletion:								
Oil and gas	0.5	0.5	0.6	0.6	[1]	[1]	[1]	[1]
Other fuels	0.1	0.1	0.1	0.1	[1]	[1]	[1]	[1]
Expensing of exploration and development costs:								
Oil and gas	0.3	0.3	0.3	0.4	0.1	0.1	0.1	0.1
Other fuels	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Exceptions for publicly-traded partnership with qualified income derived from certain energy-related activities	---	---	---	---	0.4	0.4	0.5	0.6
Estimated General Fund revenue loss: \$1,000,000 - \$3,000,000								

### C) Natural Resources and Environment

Expensing of timber-growing costs	0.3	0.3	0.3	0.3	[1]	[1]	[1]	[1]
Special depreciation allowance for certain reuse and recycling property	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Amortization and expensing of reforestation expenditures	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1
Special rules for mining reclamation reserves	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Exclusion of earnings of certain environmental settlement funds	[1]	[1]	[1]	[1]				
Excess of percentage over cost depletion, nonfuel minerals	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Expensing of exploration and development costs, nonfuel minerals	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1
Treatment of income from exploration and mining of natural resources as qualifying income under the publicly-traded partnership rules	---	---	---	---	0.1	0.1	0.1	0.1
Exclusion of cancellation of indebtedness income of farmers	---	---	---	---			0.1	0.1
Exclusion of cost-sharing payments	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Two-year carryback period for net operating losses attributable to farming	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1
Expensing of soil and water conservation expenditures	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1
Expensing by farmers for fertilizer and soil conditioner costs	[1]	[1]	[1]	[1]	0.1	0.2	0.1	0.1
Cash accounting for agriculture	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]



Federal Fiscal Year	Corporate				Individual			
	2022	2023	2024	2025	2022	2023	2024	2025
Income averaging for farmers and fishermen	---	---	---	---	0.2	0.2	0.2	0.2
Estimated General Fund revenue loss: \$500,000 - \$2,000,000								

#### D) Commerce, General Science, Community and Regional Development, and Housing

Expensing of research and experimental expenditures \A	0.9	---	---	---	[1]	---	---	---
Exclusion of State and local government private activity bonds for broadband	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Exclusion of interest on State and local government qualified private activity bonds for rental housing	0.2	0.2	0.2	0.2	0.9	0.9	0.9	0.9
Exclusion of interest on State and local government qualified private activity bonds for owner-occupied housing	0.2	0.2	0.2	0.2	0.7	0.7	0.7	0.7
Exclusion of interest on State and local government small-issue qualified private activity bonds	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1
Exclusion of income attributable to the discharge of principal residence acquisition indebtedness					0.2	0.2	0.2	0.2
Depreciation of equipment in excess of the alternative depreciation system \B	39.8	38.5	15.8	-3	19.9	19.4	9	0.5
Depreciation of rental housing in excess of alternative depreciation system	0.9	0.8	0.8	0.7	5.8	5.5	5.1	4.7
Depreciation of buildings other than rental housing in excess of alternative depreciation system	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
7-year recovery period for motorsports entertainment complexes	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Expensing of magazine circulation expenditures	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Amortization of business startup costs	[1]	[1]	[1]	[1]	0.2	0.2	0.2	0.2
Expensing of costs to remove architectural and transportation barriers to the handicapped and elderly	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Distributions in redemption of stock to pay various taxes imposed at death					0.1	0.1	0.1	0.1
Cash accounting, other than agriculture	0.6	0.5	0.6	0.6	2.4	2.5	2.5	2.6
Deferral of certain advance payments	1.4	1.4	1.4	1.5	0.4	0.4	0.4	0.5
Deferral of gain on non-dealer installment sales	4.2	4.4	4.7	5	1.3	1.3	1.4	1.4

Federal Fiscal Year	Corporate				Individual			
	2022	2023	2024	2025	2022	2023	2024	2025
Special rules for magazine, paperback book, and record returns	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Completed contract rules	0.7	0.8	0.8	0.8	0.1	0.1	0.1	0.1
Inventory methods and valuation: Last in first out	1.1	1.2	1.2	1.2	0.3	0.3	0.3	0.3
Lower of cost or market	[1]	[1]	0.1	0.1	[1]	[1]	[1]	[1]
Specific identification for homogeneous products	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Exclusion from UBTI of certain payments to controlling exempt organizations	[1]	[1]	[1]	[1]	---	---	---	---
Carryover basis of appreciated property transferred by gift					1.8	1.8	2.4	10.2
Deferral of gain on like-kind exchanges	0.9	0.9	0.9	0.9	5.2	5.3	5.5	5.6
Exclusion of gain from certain small business stock					1.6	1.8	2	2.2
Income recognition rule for gain or loss from section 1256 contracts	0.1	0.1	0.1	0.1	2.1	2.1	1.9	1.8
Exemptions from imputed interest rules	[1]	[1]	[1]	[1]	0.9	1.1	1.2	1.2
Empowerment zone tax incentives	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Accelerated depreciation for business property on an Indian reservation	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Exclusion of interest on State and local government qualified private activity bonds for sewage, water, and hazardous waste facilities	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Recovery zone economic development bonds	[1]	[1]	[1]	[1]	0.3	0.3	0.3	0.3
Estimated General Fund revenue loss: \$60,000,000 - \$80,000,000								

### E) Education, Training, Employment, and Social Services

National disaster relief					14.7	14.5	14.3	14.2
Credit for holders of qualified zone academy bonds	[1]	[1]	[1]	[1]	0.2	0.2	0.2	0.2
Qualified school construction bonds	---	---	---	---	0.7	0.7	0.7	0.7
Exclusion of income attributable to the discharge of certain student loan debt and certain Federal and State education loan repayment programs	---	---	---	---	2.9	2.8	0.3	0.4
Exclusion of scholarship and fellowship income	---	---	---	---	4.5	4.6	4.8	4.9
Exclusion of employer-provided tuition reduction benefits	---	---	---	---	0.3	0.3	0.4	0.4

<b>Federal Fiscal Year</b>	<b>Corporate</b>				<b>Individual</b>			
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Exclusion of employer-provided education assistance benefits	---	---	---	---	1.6	1.7	1.7	1.8
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit and qualified public educational facilities	0.6	0.6	0.6	0.6	2.2	2.2	2.2	2.2
Exclusion of interest on State and local government qualified private activity bonds for student loans	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Exclusion of tax on earnings of qualified tuition programs:								
Exclusion of employee awards	---	---	---	---	0.4	0.5	0.5	0.5
Exclusion of housing allowances for ministers	---	---	---	---	0.8	0.9	0.9	1
Treatment of meals and lodging (other than military)	-1.1	-1.2	-1.2	-1.3	6.4	6.7	7	7.2
Exclusion of miscellaneous fringe benefits	---	---	---	---	9.5	9.8	10.2	10.6
Treatment of employee moving expenses	---	---	---	---	-1	-1	-1	-1.1
Exclusion of employer-provided (on-site) gyms	---	---	---	---	1.8	1.8	1.9	2
Special tax provisions for employee stock ownership plans (ESOPs)	2.4	2.6	2.8	3	3.2	3.5	3.7	4
Deferral of taxation on spread on acquisition of stock under incentive stock option plans	-0.7	-0.8	-0.8	-0.9	1	1.1	1.1	1.3
Deferral of taxation on spread on employee stock purchase plans	-0.5	-0.5	-0.6	-0.6	0.2	0.2	0.3	0.3
Exclusion of income earned by voluntary employees' beneficiary associations	---	---	---	---	0.2	0.6	1	1.5
Exclusion of certain foster care payments	---	---	---	---	0.4	0.5	0.5	0.5
Estimated General Fund revenue loss: \$30,000,000 - \$40,000,000								

## **F) Health and Income Security**

Exclusion of workers' compensation benefits (medical benefits)	---	---	---	---	5	5	5.2	5.5
Exclusion of medical care and TRICARE medical insurance for military dependents, retirees, and retiree dependents not enrolled in Medicare	---	---	---	---	2.1	2.3	2.3	2.5
Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	---	---	---	---	1.1	1.2	1.3	1.5

Federal Fiscal Year	Corporate				Individual			
	2022	2023	2024	2025	2022	2023	2024	2025
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit hospital facilities	0.3	0.4	0.4	0.4	1.3	1.3	1.4	1.4
Health savings accounts \C	---	---	---	---	10.6	11.5	12.3	12.8
Exclusion of other employee benefits:	---	---	---	---				
Premiums on group term life insurance	---	---	---	---	3.8	4	4.2	4.5
Premiums on accident and disability insurance	---	---	---	---	4.2	4.3	4.5	4.6
Exclusion of amounts received under life insurance contracts	1.7	1.7	1.8	1.8	13.9	14.5	15.2	15.9
Exclusion of workers' compensation benefits (disability and survivors payments)	---	---	---	---	2.9	2.9	3	3
Exclusion of special benefits for disabled coal miners	---	---	---	---	[1]	[1]	[1]	[1]
Exclusion of damages on account of personal physical injuries or physical sickness	---	---	---	---	2	2	2	2.1
Exclusion of disaster mitigation payments	---	---	---	---	0.1	0.1	0.1	0.1
Traditional IRAs \D	---	---	---	---	15.7	16.2	17.3	18.5
Roth IRAs	---	---	---	---	9.1	9.3	10	10.7
Estimated General Fund revenue loss: \$40,000,000 - \$60,000,000								

### G) Miscellaneous

Treatment of employer-paid transportation benefits (parking, van pools, and transit passes, black car services)	-3.1	-3	-0.2	-3.3	7.3	7.6	7.9	8.2
Exclusion of interest on State and local government qualified private activity bonds for private airports, docks, and mass-commuting facilities	0.2	0.2	0.2	0.2	0.7	0.7	0.7	0.7
Exclusion of interest on State and local government qualified private activity bonds for highway projects and rail-truck transfer facilities	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1
Exclusion of veterans' disability compensation					12	12	12.6	13
Exclusion of interest on State and local government qualified private activity bonds for veterans' housing	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]
Exclusion of veterans' pensions	---	---	---	---	0.1	0.1	0.1	0.1
Exclusion of veterans' readjustment benefits	---	---	---	---	1.4	1.3	1.3	1.4

<b>Federal Fiscal Year</b>	<b>Corporate</b>				<b>Individual</b>			
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Build America bonds	---	---	---	---	2.9	2.9	2.9	2.8
Exclusion of interest on public purpose State and local government bonds	5.6	5.7	5.7	5.8	21.6	22	22	22.1
Deferral of interest on savings bonds					0.8	0.8	0.8	0.8
Estimated General Fund revenue loss: \$30,000,000 - \$40,000,000								

[1] Estimated tax expenditure of less than \$50 million.

\A Repealed for tax years beginning after 12/31/21.

\B Estimate includes both bonus depreciation and general acceleration under MACRS. Maine decouples from bonus depreciation and provides the Maine Capital Investment Credit (MCIC), based on federal bonus depreciation, for property placed in service in Maine. The MCIC is listed separately in this report. The reported range below incorporates a reduction in this tax expenditure for bonus depreciation, but the size of the adjustment is very uncertain and contributes to the large range of the total expenditure. Further research is required to estimate the revenue impact of MACRS relative to sec. 168(g) depreciation.

\C A separate estimate of the tax expenditure for HSA contributions reported as an above-the-line deduction on the 1040 is included in this report. The HSA expenditure estimate also includes pre-tax contributions from wages and tax-free inside build-up. The above-the-line deduction is not considered when reporting the state expenditure range.

\D A separate estimate of the tax expenditure for deductible IRA contributions is included in this report. The traditional IRA expenditure estimate also includes tax-free inside build-up. The above-the-line deduction is not considered when reporting the state expenditure range.

## Appendix E: Tax Incidence Report

This appendix reports estimates of the distribution of state and local taxes by tax family in 2021. The interested reader should reference the Maine State Tax Expenditure Report 2020-2021 for a discussion of tax incidence concepts and details about the estimates.

Tables 1 and 2 show the distribution of Maine individual income tax liability for tax year 2021. These tables are based on return information contained in the Maine tax data warehouse. Table 1 shows the distribution of tax returns by Maine Adjusted Gross income (MAGI) groups with no adjustment for family size. The lack of family size adjustment implicitly treats taxpayers with the same income as having the same economic wellbeing regardless of family size. Table 2 divides MAGI by the square root of family size and defines income groups by the number of people represented in each group rather than the number of returns.<sup>1</sup>

A number of high-income resident taxpayers have low Maine income tax liability because a significant share of their income is sourced to other states, they pay taxes to those states, and they receive a Maine tax credit for the income tax paid to those other jurisdictions. This situation is arguably distinct from the case of a high-income taxpayer with low Maine income tax liability due to other tax credits or income exemptions. For this reason, the last set of columns in Tables 1 and 2 combines the credit for income taxes paid to other jurisdictions and Maine income tax liability.

The remaining tables are based on the Maine tax model. These tables show the tax liability distribution by tax family and expanded income. Unlike Tables 1 and 2, these tables include income tax nonfilers<sup>2</sup>. Taxes are divided into two groups: taxes imposed directly on individuals (individual income tax, sales and excise tax levied on consumers, and property tax on owner-occupied housing) and business taxes (sales tax on business intermediate goods and investment purchases, corporate income tax, and other property tax). The amount and distribution of business taxes shifted to Maine residents is especially uncertain because the estimates rely on strong assumptions.

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<sup>1</sup> The Congressional Budget Office uses the same approach except that their unit of analysis is the household rather than the tax unit. See “the Congressional Budget Office, The Distribution of Household Income, 2017”, October 2020.

<sup>2</sup> The discrepancy between individual income tax liability in Table 1 and Table 3 is due to several factors. First, model estimates include projections of amended returns and compliance efforts beyond the time period covered by Table 1. Second, certain policy changes after the model base year that are not incorporated into the tax model..

**Table 1: Distribution of Maine Income Tax by Maine Adjusted Gross Income for Maine Resident Returns, 2021**

*Full-year resident returns excluding dependent returns*

Income Group	MAGI Upper Bound	Maine AGI		Maine Liability		Maine Liability + Credit for Income Tax Paid to Other Jurisdictions	
		Amount	Share of Total	Amount	Share of Total	Amount	Share of Total
Lowest							
20%	\$11,997	\$113.4	0.2%	-\$59.6	-2.9%	-\$59.6	-2.8%
20 - 30	\$21,706	\$1,191.6	2.4%	-\$25.9	-1.3%	-\$25.9	-1.2%
30 - 40	\$30,721	\$1,852.5	3.8%	\$4.7	0.2%	\$4.9	0.2%
40 - 50	\$39,457	\$2,467.1	5.1%	\$36.9	1.8%	\$37.2	1.8%
50 - 60	\$50,260	\$3,138.8	6.4%	\$77.1	3.8%	\$77.8	3.7%
60 - 70	\$65,754	\$4,050.9	8.3%	\$127.2	6.3%	\$128.7	6.1%
70 - 80	\$89,954	\$5,413.9	11.1%	\$192.6	9.5%	\$195.6	9.2%
80 - 90	\$134,880	\$7,714.1	15.8%	\$321.6	15.9%	\$328.6	15.5%
90 - 95	\$191,752	\$5,572.2	11.4%	\$274.7	13.6%	\$282.6	13.3%
95 -99	\$479,190	\$7,799.5	16.0%	\$476.4	23.5%	\$495.1	23.3%
Top 1%		\$9,356.0	19.2%	\$597.9	29.5%	\$655.7	30.9%
Total		\$48,670.0	100.0%	\$2,023.5	100.0%	\$2,120.8	100.0%

**Table 2: Distribution of Maine Income Tax by Family-Size Adjusted Maine Adjusted Gross Income for Maine Resident Returns, 2021**

*Full-year resident returns, excluding dependent returns*

*Deciles contain equal number of individuals rather than an equal number of returns*

Income Group	Adjusted-MAGI Upper Bound	Maine AGI		Maine Liability		Maine Liability + Credit for Income Tax Paid to Other Jurisdictions	
		Amount	Share of Total	Amount	Share of Total	Amount	Share of Total
Lowest							
20%	\$13,308	\$423.5	1.2%	-\$79.0	-3.9%	-\$79.0	-3.7%
20 - 30	\$20,630	\$1,182.1	3.3%	-\$27.3	-1.3%	-\$27.2	-1.3%
30 - 40	\$28,071	\$1,698.4	4.7%	\$9.8	0.5%	\$10.0	0.5%
40 - 50	\$36,151	\$2,336.9	6.5%	\$58.3	2.9%	\$58.8	2.8%
50 - 60	\$45,196	\$2,905.1	8.1%	\$102.9	5.1%	\$103.9	4.9%
60 - 70	\$56,330	\$3,428.1	9.5%	\$151.5	7.5%	\$153.4	7.2%
70 - 80	\$71,654	\$4,070.3	11.3%	\$214.0	10.6%	\$217.3	10.2%
80 - 90	\$101,605	\$5,187.8	14.4%	\$324.9	16.1%	\$332.2	15.7%
90 - 95	\$146,157	\$3,628.9	10.1%	\$271.3	13.4%	\$280.0	13.2%
95 -99	\$362,971	\$4,959.3	13.8%	\$445.5	22.0%	\$464.1	21.9%
Top 1%		\$6,226.6	17.3%	\$551.6	27.3%	\$607.4	28.6%
Total		\$36,046.8	100.0%	\$2,023.5	100.0%	\$2,120.8	100.0%



**Table 3: Distribution of Direct Taxes by Income for Maine Tax Families, 2021**

Income Group	Income Upper Bound	Individual Income Tax			Sales & Excise Tax- Consumer			Owner-Occupied Property Tax		
		Tax Liability	Share of Tax Liability	Effective Tax Rate	Tax Liability	Share of Tax Liability	Effective Tax Rate	Tax Liability	Share of Tax Liability	Effective Tax Rate
Lowest 20%	\$24,805	-\$58.9	-2.9%	-2.9%	\$142.3	9.5%	7.1%	\$106.8	7.8%	5.3%
20 - 30	\$33,759	-\$6.4	-0.3%	-0.3%	\$95.2	6.3%	4.6%	\$71.1	5.2%	3.5%
30 - 40	\$42,709	\$20.3	1.0%	0.8%	\$106.0	7.1%	4.0%	\$80.8	5.9%	3.0%
40 - 50	\$52,947	\$52.2	2.6%	1.6%	\$116.9	7.8%	3.5%	\$93.8	6.8%	2.8%
50 - 60	\$66,039	\$84.0	4.1%	2.0%	\$135.0	9.0%	3.3%	\$117.4	8.5%	2.8%
60 - 70	\$83,391	\$122.9	6.0%	2.4%	\$152.2	10.1%	2.9%	\$145.4	10.6%	2.8%
70 - 80	\$110,202	\$187.7	9.2%	2.8%	\$181.4	12.1%	2.7%	\$177.0	12.9%	2.6%
80 - 90	\$160,896	\$319.4	15.7%	3.5%	\$217.7	14.5%	2.4%	\$223.5	16.3%	2.4%
90 - 95	\$226,886	\$270.4	13.3%	4.1%	\$129.9	8.6%	2.0%	\$141.8	10.3%	2.2%
95 - 99	\$544,010	\$471.7	23.2%	5.3%	\$139.1	9.3%	1.5%	\$153.9	11.2%	1.7%
Top 1%		\$568.9	28.0%	6.1%	\$87.2	5.8%	0.9%	\$62.4	4.5%	0.7%
Total		\$2,032.2	100.0%	3.4%	\$1,502.9	100.0%	2.5%	\$1,374.0	100.0%	2.3%

**Table 4: Distribution of Business Taxes and Other Property Taxes by Income for Maine Tax Families, 2021**

Income Group	Income Upper Bound	Sales & Excise Tax on Business			Corporate Income Tax			Other Property Tax		
		Tax Liability	Share of Tax Liability	Effective Tax Rate	Tax Liability	Share of Tax Liability	Effective Tax Rate	Tax Liability	Share of Tax Liability	Effective Tax Rate
Lowest										
20%	\$24,805	\$40.3	9.3%	2.0%	\$9.2	5.8%	0.5%	\$27.7	5.2%	1.4%
20 - 30	\$33,759	\$26.1	6.0%	1.3%	\$7.3	4.5%	0.4%	\$23.7	4.4%	1.2%
30 - 40	\$42,709	\$29.1	6.7%	1.1%	\$8.9	5.5%	0.3%	\$27.8	5.2%	1.0%
40 - 50	\$52,947	\$31.9	7.3%	1.0%	\$10.3	6.5%	0.3%	\$30.1	5.6%	0.9%
50 - 60	\$66,039	\$36.7	8.4%	0.9%	\$12.3	7.7%	0.3%	\$33.3	6.2%	0.8%
60 - 70	\$83,391	\$42.3	9.7%	0.8%	\$14.8	9.3%	0.3%	\$37.3	7.0%	0.7%
70 - 80	\$110,202	\$51.9	11.9%	0.8%	\$18.8	11.7%	0.3%	\$43.0	8.0%	0.6%
80 - 90	\$160,896	\$61.1	14.1%	0.7%	\$25.0	15.6%	0.3%	\$177.9	33.2%	1.9%
90 - 95	\$226,886	\$37.7	8.7%	0.6%	\$16.8	10.5%	0.3%	\$32.0	6.0%	0.5%
95 -99	\$544,010	\$43.2	9.9%	0.5%	\$20.6	12.9%	0.2%	\$46.1	8.6%	0.5%
Top 1%		\$34.7	8.0%	0.4%	\$16.2	10.1%	0.2%	\$57.2	10.7%	0.6%
Total		\$435.1	100.0%	0.7%	\$160.2	100.0%	0.3%	\$536.1	100.0%	0.9%

**Table 5: Distribution of Combined Taxes by Income for Maine Tax Families, 2021**

Income Group	Income Upper Bound	Individual Income, Sales & Excise Tax on Consumers, Owner-occupied property tax			All Taxes in Tables 3 and 4		
		Tax Liability	Share of Tax Liability	Effective Tax Rate	Tax Liability	Share of Tax Liability	Effective Tax Rate
Lowest							
20%	\$24,805	\$190.1	3.9%	9.4%	\$267.3	4.4%	13.3%
20 - 30	\$33,759	\$159.9	3.3%	7.8%	\$217.0	3.6%	10.6%
30 - 40	\$42,709	\$207.0	4.2%	7.7%	\$272.8	4.5%	10.2%
40 - 50	\$52,947	\$262.9	5.4%	7.9%	\$335.2	5.5%	10.0%
50 - 60	\$66,039	\$336.4	6.9%	8.1%	\$418.8	6.9%	10.1%
60 - 70	\$83,391	\$420.5	8.6%	8.1%	\$515.0	8.5%	9.9%
70 - 80	\$110,202	\$546.1	11.1%	8.1%	\$659.9	10.9%	9.8%
80 - 90	\$160,896	\$760.6	15.5%	8.2%	\$1,024.6	17.0%	11.1%
90 - 95	\$226,886	\$542.2	11.0%	8.2%	\$628.7	10.4%	9.6%
95 - 99	\$544,010	\$764.8	15.6%	8.5%	\$874.7	14.5%	9.7%
Top 1%	.	\$718.5	14.6%	7.7%	\$826.6	13.7%	8.8%
Total		\$4,909.1	100.0%	8.1%	\$6,040.5	100.0%	10.0%

**Table 6: Suits Index**

Individual Income Tax	0.337
Sales & Excise Tax- Consumer	-0.269
Owner-Occupied Property Tax	-0.222
Corporate Income Tax	-0.119
Property Tax, All	-0.192
Sales & Excise Tax, All	-0.26
Table 3 Direct Taxes	0.008
Add Business Taxes	-0.005