

Tax and Fee Changes Affecting State and Local Tax Burden 125th Legislature, First Regular Session

Description of Tax or Fee Change	Law/Bill Reference	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Sales and Use Tax						
Expands the scope of the 10% sales and use tax on the short-term rentals of automobiles to include pick-up trucks and vans. The law also exempts the sale of pick-up trucks and vans purchased for short-term rental from the sales and use tax, which does not have a revenue impact.	PL 2011, c. 209	\$0	\$39,600	\$69,300	\$69,993	\$70,693
Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. Applies to penalties accruing on or after October 1, 2011.	PL 2011, c. 380, Part K	\$0	(\$7,875)	(\$10,500)	(\$10,500)	(\$10,500)
Exempts from the sales tax certain meals provided to residents of full-service retirement facilities and applies the exemption retroactively to tax periods beginning on or after January 1, 2010.	PL 2011, c. 380, Part DDDD	\$0	(\$1,368,000)	(\$566,500)	(\$583,495)	(\$601,000)
Requires the refund of sales tax on purchases of fuel for use in a commercial fishing vessel and permits the purchases of such fuel without paying sales tax if the purchaser holds a certificate verifying eligibility from the State Tax Assessor, effective October 1, 2011.	PL 2011, c. 380, Part EEEE	\$0	(\$385,000)	(\$561,000)	(\$572,220)	(\$583,664)
Exempts from sales tax plastic bags used by redemption centers to sort, store or transport returnable beverage containers retroactive to January 1, 2004.	PL 2011, c. 380, Part FFFF	\$0	(\$236,900)	(\$28,738)	(\$30,031)	(\$31,382)
Expands the current exemption from sales and use tax for aircraft to apply to all aircraft, regardless of weight or the state of residency of the purchaser. It also expands the exemption to include sales of repair and replacement parts used exclusively in aircraft and in the overhauling and rebuilding of aircraft. The expansion of the exemptions applies from July 1, 2011 to June 30, 2015.	PL 2011, c. 380, Part, GGGG	\$0	(\$608,400)	(\$608,400)	(\$626,652)	(\$650,465)
Increases sales tax revenue by allowing sales of fireworks.	PL 2011, c. 416	\$0	\$30,625	\$124,951	\$127,449	\$129,998
Provides sales tax refunds and exemption certificates for the purchase of parts and supplies used for the operation, repair or maintenance of windjammers based in this State used primarily for providing overnight passenger cruises for a fee.	PL 2011, c. 425	\$0	\$0	(\$53,200)	(\$80,000)	(\$84,000)
Individual Income Tax						
Provides conformance with certain federal tax provisions by updating the reference to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2010, for tax years beginning on or after January 1, 2010 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986.	PL 2011, c. 1, Part P	(\$4,755,698)	(\$8,341,619)	(\$34,054)	\$8,093,036	\$7,426,942

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Individual Income Tax (continued)						
Provides an income tax credit in the amount of \$100 per employee up to a total maximum credit of \$2,000 per employer for tax years beginning on or after January 1, 2014 to employers of 20 or fewer employees for wellness programs such as smoking cessation programs, exercise facilities and incentives to exercise regularly.	PL 2011, c. 90, Part H	\$0	\$0	\$0	(\$79,103)	(\$318,617)
Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. Applies to penalties accruing on or after October 1, 2011.	PL 2011, c. 380, Part K	\$0	(\$101,250)	(\$135,000)	(\$135,000)	(\$135,000)
Establishes new individual income tax rate schedules that includes a 6.5% and a 7.95% rate bracket for tax years beginning on or after January 1, 2013. Conforms personal exemptions to federal law starting January 1, 2013, conforms standard deductions to federal law and eliminates tax additions starting January 1, 2012, reduces the applicable percentage for calculating additional Maine taxes for lump-sum retirement distributions and early distributions from retirement plans from 15% to 7.5% for tax years beginning in 2012 and repeals the tax for tax years beginning after 2012. Repeals the exclusion of mortgage premiums from Maine itemized deductions and eliminates the alternative minimum tax on individuals.	PL 2011, c. 380, Part N	\$0	(\$9,750,000)	(\$78,788,000)	(\$166,378,000)	(\$175,944,000)
Repeals the income tax addition modifications related to the federal Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.	PL 2011, c. 380, Part O	\$0	(\$6,061,440)	(\$1,739,372)	\$1,433,675	\$1,212,206
Provides a credit equal to 10% of the federal bonus depreciation on property placed in service in Maine during tax years beginning in 2011 and 2012, excluding certain utility and telecommunications property. The credit is limited to the tax liability of the taxpayer and any unused portion may be carried forward up to 20 years. The credit is subject to recapture if the underlying property is not used in Maine for the 12-month period following the date it is placed in service.	PL 2011, c. 380, Part O	\$0	(\$9,118,232)	(\$1,245,360)	\$1,934,179	\$1,388,899
Enacts the Maine New Markets Capital Investment Program to attract investment in economically distressed areas. It is modeled after the federal tax credit.	PL 2011, c. 380, Part Q	\$0	\$0	\$0	\$0	(\$5,040,000)
Provides new minimum taxability thresholds for nonresidents to permit greater income-earning activity in the State before Maine income tax liability is triggered and excludes up to 24 days of personal services income related to certain training, management functions, equipment upgrades and new investment.	PL 2011, c. 380, Part CCCC	\$0	(\$3,098,000)	(\$2,503,000)	(\$2,692,000)	(\$2,841,000)

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Individual Income Tax (continued)						
Provides an income tax credit for investment in or contributions to eligible public fishery infrastructure projects in the State. Tax certificates may be issued for up to \$5,000,000 per project. Credits must be taken in increments of 25% over 4 years and may not exceed 50% of the total tax imposed on the investor for the taxable year before application of the credit. Unused credits may be carried forward for up to 15 years. The credit applies to both freshwater and saltwater fisheries. The Department of Inland Fisheries and Wildlife must adopt rules for the determination of eligibility and certify eligible project. The Department of Inland Fisheries and Wildlife is required to coordinate with the Department of Marine Resources in the identification of eligible projects.	PL 2011, c. 380, Part HHHH	\$0	(\$11,250)	(\$55,000)	(\$95,000)	(\$135,000)
Extends the sunset date for dental care access tax credit program until December 31, 2020. Lowers available dental care access tax credit from \$15,000 to \$12,000 and allows 6 dentists to be eligible to take the credit annually beginning on or after January 1, 2012.	PL 2011, c. 434	\$0	\$0	(\$23,500)	(\$53,500)	(\$83,500)
Extends the sunset date for the Maine Historic Preservation Tax Credit to 2023 and provides an offset to the General Fund revenue expenditure by transferring a portion of the Real Estate Transfer Tax that would otherwise accrue to the H.O.M.E. fund.	PL 2011, c. 453	\$0	\$0	\$0	(\$226,410)	(\$1,735,810)
Increases the existing Seed Capital Tax Credit from 40% of an eligible investment to 60% and applies it uniformly across the State rather than based upon local unemployment rates, as of January 1, 2012, and expands the eligibility of private venture capital funds for refundable tax credit certificates.	PL 2011, c. 454	\$0	\$0	(\$56,000)	(\$34,000)	(\$13,000)
Corporate Income Tax						
Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. Applies to penalties accruing on or after October 1, 2011.	PL 2011, c. 380, Part K	\$0	(\$3,375)	(\$4,500)	(\$4,500)	(\$4,500)
Repeals the income tax addition modifications related to the federal Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.	PL 2011, c. 380, Part O	\$0	(\$1,515,360)	(\$434,843)	\$358,419	\$303,052
Provides a credit equal to 10% of the federal bonus depreciation on property placed in service in Maine during tax years beginning in 2011 and 2012, excluding certain utility and telecommunications property. The credit is limited to the tax liability of the taxpayer and any unused portion may be carried forward up to 20 years. The credit is subject to recapture if the underlying property is not used in Maine for the 12-month period following the date it is placed in service.	PL 2011, c. 380, Part O	\$0	(\$15,576,980)	(\$5,770,772)	\$1,329,265	\$2,074,400

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Corporate Income Tax (continued)						
Enacts the Maine New Markets Capital Investment Program to attract investment in economically distressed areas. It is modeled after the federal tax credit.	PL 2011, c. 380, Part Q	\$0	\$0	\$0	\$0	(\$560,000)
Extends the sunset date for the Maine Historic Preservation Tax Credit to 2023 and provides an offset to the General Fund revenue expenditure by transferring a portion of the Real Estate Transfer Tax that would otherwise accrue to the H.O.M.E. fund.	PL 2011, c. 453	\$0	\$0	\$0	(\$18,750)	(\$143,750)
Estate Tax						
For estates of decedents dying after December 31, 2012, changes the exclusion from \$1 million to \$2 million and establishes a progressive rate structure of 8% for taxable estates between \$2 million and \$5 million, 10% for estates between \$5 million and \$8 million, and 12% for estates exceeding \$8 million. For estates of decedents dying on or after January 1, 2011, provides conformance with federal law with respect to the treatment of qualified terminable interest property. Clarifies provisions related to nonresidents' estates.	PL 2011, c. 380, Part M	\$0	(\$137,500)	(\$150,000)	(\$23,919,215)	(\$27,454,580)
Cigarette and Tobacco Product Taxes						
Beginning July 1, 2012, authorizes a credit for tobacco products tax previously paid and redemption of cigarette tax stamps for tobacco products that are destroyed by a distributor because the products have become unfit for use, sale or consumption.	PL 2011, c. 441	\$0	\$0	(\$40,000)	(\$40,000)	(\$40,000)
Fuel Taxes						
Eliminates annual indexing of fuel tax rates effective January 1, 2012. (Special Fuel Tax - Gross Tax Effect, All Funds)	PL 2011, c.392, Part C	\$0	\$0	(\$1,140,000)	(\$2,000,000)	(\$2,880,000)
Eliminates annual indexing of fuel tax rates effective January 1, 2012. (Gasoline Tax - Gross Tax Effect, All Funds)	PL 2011, c. 392, Part C	\$0	\$0	(\$4,670,000)	(\$8,750,000)	(\$12,850,000)
Insurance Premium Tax						
Amends surplus lines eligibility standards and nonadmitted insurance premium tax laws to conform to the federal Nonadmitted and Reinsurance Reform Act of 2010.	PL 2011, c. 331	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Telecommunications Tax						
Repeals the existing telecommunications personal property tax and establishes an excise tax on telecommunications equipment at 19.2 mills in 2012. For fiscal years 2013 and subsequent years, the State Tax Assessor will apply the municipal tax rate to the just value of the equipment adjusted by the certified assessment	PL 2011, c. 430	\$0	\$152,518	(\$152,518)	(\$305,036)	(\$305,036)

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Commercial Forestry Excise Tax						
Limits the period of assessments for supplemental assessments of the commercial forestry excise tax under certain conditions.	PL 2011, c. 462	\$0	(\$15,000)	(\$10,000)	(\$5,000)	(\$3,000)
Potato Tax						
Increases the potato tax rate from \$.05 to \$.06 per hundredweight effective September 1, 2011.	PL 2011, c. 7	\$0	\$113,899	\$136,679	\$136,679	\$136,679
Dirigo Health - Access Payments						
Reduces the access payments made to support the cost of the Dirigo Health Agency from 2.14% to 1.87% on July 1, 2011, to 1.64% on July 1, 2012, to 1.14% on July 1, 2013 and eliminates the access payment effective January 1, 2014.	PL 2011, c. 380, Part BBB	\$0	(\$5,496,637)	(\$10,529,590)	(\$34,201,823)	(\$45,058,246)
Other Taxes and Fees - Health and Human Services						
Increases revenue by establishing a licensing fee for public pools and spas.	PL 2011, c 193	\$0	\$0	\$26,075	\$26,075	\$26,075
Establishes a fee to fund the administrative and other operating costs of the Maine Rx Plus Program.	PL 2011, c. 380, Part SS	\$0	\$135,315	\$135,315	\$135,315	\$135,315
Increases the nursing facility and residential treatment facility tax rates from 5.5% to 6.0% effective October 1, 2011.	PL 2011, c 411	\$0	\$2,336,108	\$3,114,811	\$3,114,811	\$3,114,811
Provides a new optional combined license for certain agency liquor stores for a fee increase of \$75. The additional funds transfers from the Department of Public Safety to the Department of Health and Human Services, Office of Substance Abuse for underage drinking prevention.	PL 2011, c 460	\$0	\$750	\$750	\$750	\$750
Other Taxes and Fees						
Recognizes revenue from the fees to cover the projected costs of considering the application for a casino in Oxford.	PL 2011, c 1, Part T	\$277,500	\$0	\$0	\$0	\$0
Revenue from the new surcharge associated with leasing fisheries allocations in the permit banking program.	PL 2011, c 10		\$15,825	\$89,245	\$91,922	\$94,680
Revenue from license fees for private applicators of general use pesticides.	PL 2011, c. 169		\$10,000	\$10,000	\$10,000	\$10,000
Provides revenue from fees of up to \$250 for dental school faculty licensing and license renewal.	PL 2011, c. 330		\$5,000	\$0	\$5,000	\$0
Requires service contract providers or administrators to register with the Superintendent of Insurance and pay an annual registration fee that may not exceed \$200.	PL 2011, c. 345		\$30,380	\$44,630	\$46,974	\$49,460
Increases the non-resident moose hunting permit fee by \$100.	PL 2011, c. 370	\$0	\$30,000	\$40,000	\$40,000	\$40,000
Revenue from issuance of licenses to sell consumer fireworks.	PL 2011, c 416		\$50,000	\$40,000	\$22,500	\$22,500

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Other Taxes and Fees (continued)											
Repeals PL 2009, c. 559, An Act to Create a Saltwater Recreational Fishing Registry, and eliminating the registry requirements and related fees.	PL 2011, c 421	(\$188,824)	(\$730,230)	(\$936,520)	\$0	\$0					
Revenue from a \$1 agent fee for registrations processed by the Department of Marine Resources.	PL 2011, c 421	\$400	\$500	\$500	\$500	\$500					
Reduces revenue from extending the reduced high-stakes beano license fee to fiscal years 2011-12 and 2012-13.	PL 2011, c 410		(\$25,000)	(\$25,000)	\$0	\$0					
Increase in revenue from allowing simulcast races at slot machine facilities.	PL 2011, c 142	\$692	\$8,325	\$8,325	\$8,325	\$8,325					
Reduces revenue from unredeemed bottle deposits by allowing deposit initiators for wine containers who sell no more than 100,000 gallons or 500,000 wine containers per year to enter into comingling agreements.	PL 2011, c. 429		\$0	(\$6,000)	(\$6,000)	(\$6,000)					
Increases the driver education teacher or instructor license from \$80 to \$100 and increases the term of the license from 1 to 2 years.	PL 2011, c. 442		\$7,360	(\$29,440)	\$7,360	(\$29,440)					
Total Impact of Tax and Fee Changes		(\$4,665,930)		(\$59,421,843)		(\$106,266,226)		(\$223,654,008)		(\$261,096,205)	

Items affecting local property tax incidence, but not included in State and Local Tax Burden calculations:

Maine Residents Property Tax Program (Circuitbreaker or Tax and Rent Refund program)

Amends the Circuitbreaker program to limit the amount of the benefit to 80% of the amount that would otherwise be available in 2012 and 2013.	PL 2011, c. 380, Part P	\$0	\$10,015,329	\$10,268,761	\$0	\$0
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