

**Annual List of Rule-Making Activity**  
**Rules Adopted January 1, 2016 to December 31, 2016**  
*Prepared by the Secretary of State, pursuant to 5 MRS, §8053-A, sub-§5*

**Agency name:** Department of Administrative and Financial Services,  
**Bureau of Revenue Services (Maine Revenue Services)**

**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §112

**Chapter number/title:** **Ch. 104**, Filing of Maine Tax Returns

**Filing number:** **2016-013**

**Effective date:** 1/31/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

MRS amends Rule 104 ("Filing of Maine Tax Returns") from what was originally proposed as follows: first, by removing that section of the proposed rule mandating the electronic filing of real estate transfer tax returns and, second, by delaying application of the reduction in the corporate mandatory electronic filing threshold from \$10 million in assets to \$5 million in assets to apply to returns filed for tax years beginning on or after January 1, 2016. The rule further describes the requirements for filing certain Maine tax returns, including mandatory electronic filing of certain Maine tax returns. Amendments also include miscellaneous technical changes, updates to the definitions of "Maine tax return" and "Tax return preparer" to simplify the language and make it easier to understand. Obsolete references to mandates effective in previous years are also being removed.

**Basis statement:**

MRS has amended Rule 104 ("Filing of Maine Tax Returns"). The rule describes the requirements for filing certain Maine tax returns, including mandatory electronic filing of certain Maine tax returns. Along with miscellaneous technical changes, MRS amended the rule by updating the definition of "Maine tax return", and "Tax return preparer" to simplify the language and make it easier to understand. In addition, the amendments reduce the corporate mandatory electronic filing threshold from \$10 million in assets to \$5 million in assets for returns filed for tax years beginning on or after January 1, 2016. Obsolete references to mandates effective in previous years were also removed.

**Fiscal impact of rule:**

Minimal.

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**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §576

**Chapter number/title:** **Ch. 202**, Tree Growth Tax Law Valuations - 2016

**Filing number:** **2016-085**

**Effective date:** 5/10/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

There is a statutory requirement that each year the State Tax Assessor determine the 100% valuation for an acre of forestland, according to forest type (softwood, mixed wood or hardwood) by economic region for parcels classified under the Tree Growth Law. The State Tax Assessor must certify his determination and transmit rules to the municipal assessors of each municipality with forestland therein on or before April 1, of each year.

**Basis statement:**

Amended Rule 202 provides updated valuation rates for each forest type by region.

36 MRS §576 requires the State Tax Assessor to establish annually by rule current use valuations for classified forestlands after considering area timber stumpage sales during previous calendar years. Taxpayers with land classified under Tree Growth Tax Law and municipal assessors require guidance in appropriate valuation of forestland based on representative proportions of forest growth and products generated.

**Fiscal impact of rule:**

Annual establishment of valuations produces no additional cost to the State. The anticipated FY 2016-17 amount appropriated to reimburse anticipated municipal claims for "taxes lost" due to the use of Tree Growth Valuations on classified forestland is \$7,600,000.

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**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §112

**Chapter number/title:** **Ch. 603**, Maine Estate Tax after 2012

**Filing number:** **2016-095**

**Effective date:** 5/24/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

Maine Revenue Services (MRS) amends Rule 603 ("Maine Estate Tax After 2012"). The rule explains in further detail the estate tax laws of the State of Maine for estates of decedents dying on or after January 1, 2013. In addition to miscellaneous technical changes, MRS is amending an incorrect section reference to the *Internal Revenue Code*.

**Basis statement:**

Maine Revenue Services (MRS) has amended Rule 603 ("Maine Estate Tax After 2012"). The rule explains in further detail the estate tax laws of the State of Maine for estates of decedents dying on or after January 1, 2013. In addition to miscellaneous technical changes, MRS amended an incorrect section reference to the *Internal Revenue Code*. A copy of the rule can be found on the MRS website at <http://www.maine.gov/revenue/rules/homepage.html>.

**Fiscal impact of rule:**

Minimal.

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**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §112

**Chapter number/title:** **Ch. 104**, Filing of Maine Tax Returns

**Filing number:** **2016-164**

**Effective date:** 10/8/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**  
*(See Basis Statement)*

**Basis statement:**

MRS has amended Rule 104 ("Filing of Maine Tax Returns"). The rule describes the requirements for filing certain Maine tax returns, including mandatory electronic filing of certain Maine tax returns. Along with miscellaneous technical changes, MRS amended definitions in the rule by: adding "business trust" to the definition of Person; amending the definition of Software Developer to include a person that develops computer generated forms used in connection with unemployment compensation laws; and removing an obsolete reference to the lowest individual income tax bracket in the definition of Threshold Amount. MRS also removed Section .03(3) as the waiver provisions are provided elsewhere in the rule. A copy of the rule can be found on the MRS website at <http://www.maine.gov/revenue/rules/homepage.html>.

**Fiscal impact of rule:**  
Minimal.

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**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §112

**Chapter number/title:** **Ch. 803**, Withholding Tax Reports and Payments

**Filing number:** **2016-165**

**Effective date:** 10/8/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**  
*(See Basis Statement)*

**Basis statement:**

MRS has amended Rule 803 ("Withholding Tax Reports and Payments"). The rule identifies income subject to Maine withholding and prescribes the methods for determining the amount of Maine income tax to be withheld. It also explains the related reporting requirements. MRS has moved the filing due date for pass-through entity withholding returns from April 30th to March 15th following the end of the calendar year. This change is based on changes at the federal level and is effective for tax periods beginning on or after January 1, 2016. MRS also updated references to Maine individual income tax rates based on recently enacted legislation. In addition, miscellaneous technical changes such as changing references to employee and employer to payee and payer, respectively, and removing references to Form 941/CIME were made. A copy of the rule can be found on the MRS website at <http://www.maine.gov/revenue/rules/homepage.html>.

**Fiscal impact of rule:**  
Minimal.

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**Umbrella-Unit:** **18-125**  
**Statutory authority:** 36 MRS §§ 112, 1754-B  
**Chapter number/title:** **Ch. 301**, Sales for Resale and Sales of Packaging Materials  
**Filing number:** **2016-176**  
**Effective date:** 10/19/2016  
**Type of rule:** Routine Technical  
**Emergency rule:** No

**Principal reason or purpose for rule:**

Maine Revenue Services is adopting amendments to Rule 301 in order to update it. The changes will have no substantive impact on taxpayers. This is routine annual rule-making.

**Basis statement:**

The statutory authority for amending Rule 301 is Title 36 MRS §§ 112 and 1754-B. This is not major substantive rule-making.

**Fiscal impact of rule:**

N/A

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**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §112

**Chapter number/title:** **Ch. 308**, Direct Pay Permits

**Filing number:** **2016-177**

**Effective date:** 10/19/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

Maine Revenue Services is adopting amendments to Rule 308 in order to update it. The changes will not result in any substantive change for taxpayers. This is routine annual rule-making.

**Basis statement:**

The statutory authority for amending Rule 308 is Title 36 MRS §112. This is not major substantive rule-making.

**Fiscal impact of rule:**

N/A

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**Agency name:** Department of Administrative and Financial Services,  
**Bureau of Revenue Services (Maine Revenue Services)**

**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §§ 112, 2906

**Chapter number/title:** **Ch. 504** (*Repeal*), Shrinkage Allowance for Retail Gasoline Dealers

**Filing number:** **2016-178**

**Effective date:** 10/19/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

The rule is unnecessary, since everything addressed in the rule is covered by the relevant statute (36 MRS §2906). Repealing the rule will result in no change whatsoever in Maine Revenue Services policy and practice regarding gasoline shrinkage allowances.

**Basis statement:**

The statutory authority for repealing Rule 504 is Title 36 MRS §112. This is not major substantive rule-making.

**Fiscal impact of rule:**

N/A



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**Bureau of Revenue Services (Maine Revenue Services)**

**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §112

**Chapter number/title:** **Ch. 703** (*Repeal*), Exempt Sales of Cigarettes

**Filing number:** **2016-179**

**Effective date:** 10/19/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

Maine Revenue Services is repealing this rule as it is unnecessary and obsolete. Repeal will have no impact whatsoever on cigarette distributors, cigarette wholesales, or any other taxpayers.

**Basis statement:**

The statutory authority for repealing Rule 504 is Title 36 MRS §112. This is not major substantive rule-making.

**Fiscal impact of rule:**

N/A

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**Bureau of Revenue Services (Maine Revenue Services)**

**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §§ 310-314

**Chapter number/title:** **Ch. 205**, Certification of Assessors

**Filing number:** **2016-188**

**Effective date:** 11/12/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

Rule 205 (Certification of Assessors) is being amended to expand the levels of assessor certification to recognize advanced professional education and make other, housekeeping, changes. Certification and the continuing education of property tax assessors in the State of Maine is the responsibility of the State Tax Assessor. This rule governs the nature and content of the certification examinations as well as the enforcement of the continuing education requirements required under 36 MRS §311.

**Basis statement:**

Amended Rule 205 ("Certification of Assessors") governs the nature and content of assessor certification examinations as well as the enforcement of the continuing education requirements required under 36 MRS §311.

The amendment expands the levels of assessor certification to recognize advanced professional education and make other, housekeeping, changes. Certification and the continuing education of property tax assessors in the State of Maine is the responsibility of the State Tax Assessor.

**Fiscal impact of rule:**

Minimal.

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**Umbrella-Unit:** **18-125**

**Statutory authority:** 36 MRS §§ 112, 2018

**Chapter number/title:** **Ch. 324** (*Repeal*), ConnectME Tax Reimbursements

**Filing number:** **2016-189**

**Effective date:** 11/12/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

Maine Revenue Services repeals this rule as it is unnecessary and obsolete. It pertains to the administration of ConnectME tax reimbursements pursuant to 36 MRS §2018, which was repealed several years ago. Repeal of the rule will have no impact whatsoever on any Maine taxpayers.

**Basis statement:**

The statutory authority for repealing Rule 324 is Title 36 MRS §112. This is not major substantive rule-making.

**Fiscal impact of rule:**

N/A

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**Agency name:** Department of Administrative and Financial Services,  
**Bureau of Alcoholic Beverages and Lottery Operations /**  
**Maine State Liquor and Lottery Commission**

**Umbrella-Unit:** **18-553**

**Statutory authority:** 8 MRS §§ 372 sub-§2 ¶I, 374

**Chapter number/title:** **Ch. 20**, Powerball Rules

**Filing number:** **2016-086**

**Effective date:** 7/2/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

To conform to the procedures for the operation of the multi-jurisdictional lottery game Powerball in Maine as required by the Multi State Lottery Association. These rules will allow Maine to continue to sell the Powerball game.

**Basis statement:**

This amendment updates the existing rules governing the jackpot draw game Powerball. This amendment is establishing a new Grand Prize Carry Forward Pool within the Multistate Lottery Association (MUSL) that its members including Maine will contribute to and utilize to fund starting Powerball jackpots. Under this amended rule, when an actual jackpot is supported, based on the accumulation of funds in the Grand Prize Pool, exceeds \$300 million annuity value, an additional set-aside goes into effect. Up to 10% of sales for MUSL members will be used to fund a Grand Prize Carry Forward Pool. When an actual jackpot is supported, based on the accumulation of funds in the Grand Prize Pool, exceeds \$800 million annuity value, an increased set-aside goes into effect. Up to 20% of sales for MUSL members will be used to fund a Grand Prize Carry Forward Pool. If funds are available in the Grand Prize Carry Forward Pool, they will be used to supplement the funds in the Grand Prize Pool for the starting jackpot, such that the total Grand Prize Pool is sufficient to fund a \$40 million annuity on the first drawing. If the MUSL Grand Prize Carry Forward Pool exceeds a balance of \$199 million prior to a drawing, the Grand Prize Carry Forward Pool set-asides will cease until such time as the Grand Prize Carry Forward Pool drops below \$199 million.

**Fiscal impact of rule:**

There is no known fiscal impact.

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**Maine State Liquor and Lottery Commission**

**Umbrella-Unit:** **18-553**

**Statutory authority:** 8 MRS §§ 372 sub-§2 ¶I, 374

**Chapter number/title:** **Ch. 20**, Powerball Rules

**Filing number:** **2016-207**

**Effective date:** 12/5/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

To conform to the procedures for the operation of the multi-jurisdictional lottery game Powerball in Maine as required by the Multi State Lottery Association. These rules will allow Maine to continue to sell the Powerball game.

**Basis statement:**

This amendment updates the existing rules governing the jackpot draw game Powerball. This amendment makes technical changes on procedures dealing with payment of pari-mutuel prizes. This amendment also makes other non-technical changes to clarify language, fix cross references and fix typographical errors. The changes do not impact the way the game is played by consumers or sold by lottery retailers.

**Fiscal impact of rule:**

There is no known fiscal impact.

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**Maine State Liquor and Lottery Commission**

**Umbrella-Unit:** **18-553**

**Statutory authority:** 8 MRS §§ 372 sub-§2 ¶I, 374

**Chapter number/title:** **Ch. 40**, Mega Millions Rules

**Filing number:** **2016-208**

**Effective date:** 12/5/2016

**Type of rule:** Routine Technical

**Emergency rule:** No

**Principal reason or purpose for rule:**

To conform to the procedures for the operation of the multi-jurisdictional lottery game Mega Millions in Maine as required by the Multi State Lottery Association. These rules will allow Maine to continue to sell the Mega Millions game.

**Basis statement:**

This amendment updates the existing rules governing the jackpot draw game Mega Millions. This amendment makes numerous technical changes including adding definitions, clarifying definition, establishing new prize reserve accounts and establishing procedures dealing with payment prizes generally. This amendment also makes other non-technical changes to clarify language, fix cross references and fix typographical errors. The changes do not impact the way the game is played by consumers or sold by lottery retailers.

**Fiscal impact of rule:**

There is no known fiscal impact.