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State of Maine
ONE HUNDRED AND TWENTY-EIGHT LEGISLATURE
COMMITTEE ON TAXATION

DATE: April 3, 2017

TO: Sen. James Hamper, Senate Chair
Rep. Drew Gattine, House Chair
Members, Joint Standing Committee on Appropriations and Financial Affairs

FROM: Sen. Dana Dow, Senate Chair
Rep. Ryan Tipping, House Chair
Members, Joint Standing Committee on Taxation

RE: Report back on the Biennial Budget, LD 390, LR 2175

The Joint Standing Committee on Taxation is pleased to provide the attached information containing the Committee's recommendations regarding a majority of the provisions of the Biennial Budget assigned to our committee for review. The Committee has spent a considerable amount of time over the last month reviewing the budget provisions in detail and has been able to reach unanimous agreement on many of them. On areas where unanimous agreement could not be reached, we have identified the divided recommendations.

We report that we will need additional time to finish our consideration of budget proposals related to income tax rates and sales tax and service provider tax base expansions. We requested additional information regarding these areas from the executive branch last week and have not yet received a response. We will report to you on these areas as soon as possible.

Our recommendations regarding Part A of the budget are indicated on the pages provided to us. Our recommendations on the language provisions are indicated on the attached charts. We note the following regarding the attached charts.

1. Part A initiatives. As we have indicated in the materials, in some instances, inclusion of initiatives in Part A will depend upon decisions made in the policy areas represented by language Parts in the budget.

2. Fiscal impact information. The fiscal impact information on the attached charts is derived primarily from information provided by the Department of Administrative and Financial Affairs to your Committee and ours in February. Additional estimates were provided to us by DAFS during our consideration of some proposals. Some of the DAFS estimates do not appear to match exactly to amounts in initiatives related to those estimates in Part A. We have not had time to pursue the reasons for those disagreements. We also note that all revenue estimates will need to be reviewed for consistency with the May report of the Revenue Forecasting Committee. We intend to be available to work with you as you progress in your evaluation of these provisions.

3. Language refinement. We have noted that some of the language in the taxation language Parts is in need of technical improvements. We have not had the time to develop that language; however, we have asked our staff to work with your staff to identify and make these improvements as you formulate your report(s) on the budget to the full Legislature.

We hope this information is helpful to you. We will be available to assist you in any way we can regarding the issues subject to review by our Committee.

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Sec. A-1. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services Fund 0885

Initiative: BASELINE BUDGET

TAX - OK

	History 2015-16	History 2016-17	2017-18	2018-19
BUREAU OF REVENUE SERVICES FUND				
All Other	\$151,720	\$151,720	\$151,720	\$151,720
BUREAU OF REVENUE SERVICES FUND TOTAL	\$151,720	\$151,720	\$151,720	\$151,720

Justification:

Provide imaging, scanning, debt collection, and administrative services to other state agencies. Provide a vehicle to deliver revenue collection services throughout state government.

**BUREAU OF REVENUE SERVICES FUND 0885
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
BUREAU OF REVENUE SERVICES FUND				
All Other	\$151,720	\$151,720	\$151,720	\$151,720
BUREAU OF REVENUE SERVICES FUND TOTAL	\$151,720	\$151,720	\$151,720	\$151,720

County Tax Reimbursement 0263

Initiative: BASELINE BUDGET

TAX - OK

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$1,440,000	\$1,440,000	\$1,440,000	\$1,440,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,440,000	\$1,440,000	\$1,440,000	\$1,440,000

Justification:

The primary function of this program is to ensure that revenue collected from Unorganized Territory taxpayers for motor vehicle and watercraft excise taxes is used to reduce the amount that would otherwise need to be raised through the property tax for the purpose of reimbursing counties for services provided by them in Unorganized Territory within that County.

The State Tax Assessor has authorized approximately 60 agents to serve as Unorganized Territory tax collectors at various locations throughout twelve of the sixteen Maine counties. Typically, agent-collectors are also municipal excise tax collectors serving in jurisdictions near selected Unorganized Territory residential areas. This revenue line has proved very difficult to project because the inventory of vehicles changes constantly and may be somewhat cyclical. Inasmuch as vehicle ownership and frequency of replacement follow no discernable pattern or trend our estimations do not warrant a high degree of confidence.

**COUNTY TAX REIMBURSEMENT 0263
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$1,440,000	\$1,440,000	\$1,440,000	\$1,440,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,440,000	\$1,440,000	\$1,440,000	\$1,440,000

Elderly Tax Deferral Program 0650

TAX. OK

Initiative: BASELINE BUDGET

	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$5,000	\$5,000	\$5,000	\$5,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>

Justification:

The purpose of the Elderly Tax Deferral Program is to enable qualifying Maine Resident elderly homeowners to defer payment of "homestead" property taxes. Property taxes may present hardships for some elderly homeowners with limited income. This program can help reduce the incidence of elderly persons being displaced from the homestead. The State pays the participant's property tax directly to the municipality that expects timely payment of property taxes in order to maintain necessary services. The program assists those elderly homeowners that may not have the financial ability to satisfy payment demands in full or in a timely fashion and thus may otherwise be compelled to sell the property, seek relief or face tax lien proceedings. The interest of the State in the property is protected by the filing of a lien.

The program was available to application through March 31, 1991. The program now consists of paying the annual obligations of initially qualified participants, providing necessary account statements, filing notice of lien and discharging liens resulting from attrition.

**ELDERLY TAX DEFERRAL PROGRAM 0650
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$5,000	\$5,000	\$5,000	\$5,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>

Homestead Property Tax Exemption - Mandate Reimbursement 0887

Initiative: Provides funding to reimburse municipalities for costs associated with implementing changes to the homestead exemption program.

Ref. #: 165 One Time Committee Vote: Out 13-0 AFA Vote: _____

GENERAL FUND	<i>This initiative is not needed if Part G is removed as we recommend.</i>		2017-18	2018-19
All Other		\$200,000	\$0	
GENERAL FUND TOTAL		\$200,000	\$0	

Justification:

TAX REFORM See ADM C-A-7031. See Language Part G.

**HOMESTEAD PROPERTY TAX EXEMPTION - MANDATE REIMBURSEMENT 0887
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$0	\$0	\$200,000	\$0
GENERAL FUND TOTAL	\$0	\$0	\$200,000	\$0

Homestead Property Tax Exemption Reimbursement 0886

Initiative: BASELINE BUDGET

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$26,985,000	\$38,673,000	\$63,884,000	\$72,359,000
GENERAL FUND TOTAL	\$26,985,000	\$38,673,000	\$63,884,000	\$72,359,000

Justification:

The purpose of the reimbursement is to offset the effect upon local property tax burden arising from the municipal exemption provided for the homestead of qualified residents that can certify ownership and permanent residency in Maine for the 12 months preceding the April 1st application date.

Homestead Property Tax Exemption Reimbursement 0886

Initiative: Reduces funding to reflect changes that limit the Homestead Exemption tax to the elderly.

Ref. #: 163

Committee Vote: out 13-0 AFA Vote: _____

GENERAL FUND		2017-18	2018-19
All Other	<i>This initiative is not needed if Part G is removed as we recommend.</i>	(\$39,400,000)	(\$53,800,000)
GENERAL FUND TOTAL		(\$39,400,000)	(\$53,800,000)

Justification:

Reduces funding to reflect changes that limit the Homestead Exemption tax to the elderly. See ADM C-A-7035. Language Part G.

**HOMESTEAD PROPERTY TAX EXEMPTION REIMBURSEMENT 0886
PROGRAM SUMMARY**

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$26,985,000	\$38,673,000	\$24,484,000	\$18,559,000
GENERAL FUND TOTAL	\$26,985,000	\$38,673,000	\$24,484,000	\$18,559,000

Maine Board of Tax Appeals Z146

Initiative: BASELINE BUDGET

TAX OK

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
POSITIONS - LEGISLATIVE COUNT	4.000	4.000	4.000	4.000
Personal Services	\$386,152	\$377,212	\$374,111	\$382,721
All Other	\$67,313	\$67,313	\$67,313	\$67,313
GENERAL FUND TOTAL	\$453,465	\$444,525	\$441,424	\$450,034
	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$45,000	\$45,000	\$45,000	\$45,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$45,000	\$45,000	\$45,000	\$45,000

Justification:

The Maine Board of Tax Appeals (BTA) is an independent board within the Department of Administrative and Financial Services (DAFS) and is not subject to the supervision or control of the Bureau of Revenue Services. The Board provides taxpayers a fair system of resolving controversies with the Bureau and ensures due process.

Maine Board of Tax Appeals Z146

Initiative: Provides funding for the approved reorganization of one Office Associate II position to an Office Specialist I position and transfers All Other to Personal Services to fund the reorganization.

Ref. #: 195

Committee Vote: in 8-0

AFA Vote: _____

	2017-18	2018-19
GENERAL FUND		
Personal Services	\$4,358	\$4,365
All Other	(\$4,358)	(\$4,365)
GENERAL FUND TOTAL	\$0	\$0

Justification:

This reorganization combines the administrative functions of the Maine Board of Tax Appeals, the State Board of Property Tax Review and the State Civil Service Appeals Board into one position.

Maine Board of Tax Appeals Z146

Initiative: Eliminates Personal Services and All Other funding for the Board of Tax Appeals beginning October 1, 2017.

Ref. #: 196

Committee Vote: out 8-0

AFA Vote: _____

	2017-18	2018-19
GENERAL FUND		
POSITIONS - LEGISLATIVE COUNT	(4.000)	(4.000)

This initiative is not needed if Part J is removed from the bill as we recommend

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Personal Services	(\$262,389)	(\$382,721)
All Other	(\$47,217)	(\$62,948)
GENERAL FUND TOTAL	(\$309,606)	(\$445,669)

Justification:

Eliminates the Board of Tax Appeals and the related administrative structure and appeals procedures beginning October 1, 2017. Beginning July 1, 2017 all Maine Revenue Services reconsideration decisions may be appealed only to the Superior Court. See Language Part J.

**MAINE BOARD OF TAX APPEALS Z146
PROGRAM SUMMARY**

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
POSITIONS - LEGISLATIVE COUNT	4,000	4,000	0,000	0,000
Personal Services	\$386,152	\$377,212	\$116,080	\$4,365
All Other	\$67,313	\$67,313	\$15,738	\$0
GENERAL FUND TOTAL	\$453,465	\$444,525	\$131,818	\$4,365

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$45,000	\$45,000	\$45,000	\$45,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$45,000	\$45,000	\$45,000	\$45,000

Mandate BETE - Reimburse Municipalities Z065

TAX OK

Initiative: BASELINE BUDGET

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$15,278	\$19,097	\$19,097	\$19,097
GENERAL FUND TOTAL	<u>\$15,278</u>	<u>\$19,097</u>	<u>\$19,097</u>	<u>\$19,097</u>

Justification:

The Business Equipment Tax Exemption Mandate Reimbursement Program is included in Chapter 623 Section 1, PL 2006. The purpose of the program is to reimburse municipalities and the Unorganized Territory Education and Services Fund for state mandated costs related to the implementation of the Business Equipment Tax Exemption as required under the Constitution of Maine, Article IX, Section 21, and Title 30-A, sec. 5685.

**MANDATE BETE - REIMBURSE MUNICIPALITIES Z065
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$15,278	\$19,097	\$19,097	\$19,097
GENERAL FUND TOTAL	<u>\$15,278</u>	<u>\$19,097</u>	<u>\$19,097</u>	<u>\$19,097</u>

Revenue Services, Bureau of 0002

TAX OK

Initiative: BASELINE BUDGET

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
POSITIONS - LEGISLATIVE COUNT	292.000	295.000	283.500	283.500
Personal Services	\$21,859,048	\$21,840,047	\$22,892,046	\$23,236,297
All Other	\$14,360,316	\$14,717,501	\$14,417,501	\$14,417,501
GENERAL FUND TOTAL	\$36,219,364	\$36,557,548	\$37,309,547	\$37,653,798
FEDERAL EXPENDITURES FUND				
All Other	\$5,000	\$5,000	\$5,000	\$5,000
FEDERAL EXPENDITURES FUND TOTAL	\$5,000	\$5,000	\$5,000	\$5,000
OTHER SPECIAL REVENUE FUNDS				
All Other	\$11,403,348	\$11,403,348	\$11,403,348	\$11,403,348
OTHER SPECIAL REVENUE FUNDS TOTAL	\$11,403,348	\$11,403,348	\$11,403,348	\$11,403,348

Justification:

Maine Revenue Services (MRS) exists primarily to collect tax revenues necessary to support Maine State Government. In order to achieve this end, MRS must responsibly administer state tax law. Subsidiary responsibilities of MRS include oversight of municipal tax administration in order to assist municipalities and provide uniformity of local taxes throughout the state, and operation of various tax relief programs to provide tax relief to taxpayers pursuant to Maine law.

In order to achieve MRS' purposes, these major functional areas have evolved. The duties of each are divided among operating divisions of Maine Revenue Services.

Tax Administration: The Income & Estate Tax Division administers income, insurance premiums, withholding, financial institution, pass-through entity, estate tax law and the Maine Residents Property Tax Program and the Business Equipment Tax Reimbursement (BETR) Program; the Sales, Fuel & Special Tax Division administers Sales, Use and Service Provider taxes, Recycling Assistance fees, Bulk Motor Oil premiums, Gasoline and Special Fuel taxes and International Fuel Tax Agreement (IFTA), Cigarette and Tobacco Products taxes, Potato, Blueberry, Railroad and Mahogany Quahog taxes, Hospital and Health Care Provider taxes, Initiator of Deposit, Milk Handling fee and various tax refund programs; the Property Tax Division provides oversight and direction for municipal tax administration, annually determines State Valuation, administers the property tax and motor vehicle/watercraft excise taxation in the Unorganized Territories, annually sets Tree Growth valuations, administers municipal reimbursements for Tree Growth, Homestead and Veterans' Exemptions, administers Commercial Forestry Excise and Real Estate Transfer taxes.

Operations: The Operations Division provides mail processing and deposits tax revenues, prepares budgets for the Bureau, monitors Bureau expenditures, provides bureau-wide business services and analyzes tax legislation. The Data Entry Division maintains and operates automated systems within the Bureau and provides Bureau-wide data entry services. The Research Division provides research support to the Bureau, develops economic models for tax policy analysis, and monitors monthly tax revenues.

Compliance: Audit Units within the Income & Estate Tax and the Sales, Fuel & Special Tax Divisions audit various businesses and individuals to determine their tax liabilities and assist taxpayers to gain the understanding necessary to

comply with Maine tax law. The Compliance Division serves as the Bureau's collection arm for delinquent taxes and pursues tax returns which are not filed in a timely fashion. The Appellate Division drafts recommended decisions of the assessor in matters relating to reconsideration and abatement requests and conducts required taxpayer conferences.

Revenue Services, Bureau of 0002

Initiative: Provides funding for projected increases in cybersecurity costs.

Ref. #: 10

Committee Vote: in 8-0

AFA Vote: _____

	2017-18	2018-19
GENERAL FUND		
All Other	\$0	\$700,000
GENERAL FUND TOTAL	<u>\$0</u>	<u>\$700,000</u>

Justification:

The Bureau of Revenue Services was established in the Department of Administrative and Financial Services to collect revenues necessary to support Maine State Government through the assessment of taxes as required by law and to improve the administration of tax laws in Maine at both the state and local levels. The bureau is the target of cyber-attacks on a daily basis and has made cyber security a top priority. This initiative provides funding for the implementation of data loss prevention (DLP) software and for additional projected costs related to NuHarbor Security Assessments, Bromium Endpoint Protection and Endpoint Security, Microsoft upgrade, Splunk log analysis and Agrifloft contracted software maintenance.

Revenue Services, Bureau of 0002

Initiative: Provides funding for projected increases in Oracle Middleware costs relating to the Maine Internet Return Filing System (ME I-File).

Ref. #: 11

Committee Vote: in 8-0

AFA Vote: _____

	2017-18	2018-19
GENERAL FUND		
All Other	\$500,000	\$500,000
GENERAL FUND TOTAL	<u>\$500,000</u>	<u>\$500,000</u>

Justification:

The ME Ifile Legacy system reduces the number of paper returns and creates efficiencies by reducing the number of staff required. The software costs for this application have increased.

Revenue Services, Bureau of 0002

Initiative: Provides funding for the purchase of additional databases for the architectural configuration of SQL servers that support the Maine Revenue Services Tax Return Image Processing System (TRIPS).

Ref. #: 12

Committee Vote: in 8-0

AFA Vote: _____

	2017-18	2018-19
GENERAL FUND		
All Other	\$100,000	\$100,000

GENERAL FUND TOTAL

\$100,000 \$100,000

Justification:

Maine Revenue Services is currently using TRIPS version 3.5 which has become outdated. This initiative provides funding to upgrade to TRIPS version 5.0.

Revenue Services, Bureau of 0002

Initiative: Provides funding for increased storage costs for the Maine Integrated Tax System (MERITS) due to planned growth.

Ref. #: 13

Committee Vote: in 8-0 AFA Vote: _____

GENERAL FUND

All Other

2017-18 2018-19

\$386,850 \$386,850

GENERAL FUND TOTAL

\$386,850 \$386,850

Justification:

The Bureau of Revenue Services was established to collect revenues necessary to support Maine State Government through the assessment of taxes as required by law and to improve the administration of tax laws in Maine at both the state and local levels. The Maine Revenue Integrated Tax System (MERITS) is used bureau wide to maintain tax records for approximately over 37 different tax types, and is an integral part of everyday operations. This initiative provides funding for increased storage costs due to planned growth.

Revenue Services, Bureau of 0002

Initiative: Reduces funding on a one-time basis for the Office of Information Technology costs related to the Web Portal project due to anticipated partial implementation.

Ref. #: 14

One Time

Committee Vote: in 8-0 AFA Vote: _____

GENERAL FUND

All Other

2017-18 2018-19

\$0 (\$666,750)

GENERAL FUND TOTAL

\$0 (\$666,750)

Justification:

The goal of the Web Portal project, scheduled to be completed in fiscal year 2017-18, is to provide a modern, user-friendly interface for on-line tax filing and account management tasks. The incremental implementation of the Web Portal will provide on-line filing for most MRS tax types, payments, and refund programs. The various tax types will be rolled out in stages starting with sales, gasoline and special fuel supplier. The Web Portal will allow taxpayers to access their individual tax history, while maintaining the highest level of security.

The project will also introduce a new, more secure payment system utilizing US Bank's E-Payment portal. Taxpayers can save payment information for future transactions, set up recurring payments, and view a history of payments made through the Payment Portal.

Initiative: Provides funding for one-time administrative costs to administer the tax associated with the Marijuana Legalization Act.

Ref. #: 17 One Time Committee Vote: in 8-0 AFA Vote: _____

GENERAL FUND	2017-18	2018-19
All Other	\$44,000	\$0
GENERAL FUND TOTAL	<u>\$44,000</u>	<u>\$0</u>

Notes:

This initiative is associated with LD 1701 from last session and this session's LD 88 (legalizing marijuana). Costs were not included in either bill.

Justification:

Maine Revenue Services will incur costs for programming changes to administer the tax associated with the Marijuana Legalization Act.

Revenue Services, Bureau of 0002

Initiative: Provides funding for additional taxpayer training and outreach focused on changes in municipal assessments and on marijuana retailers.

Ref. #: 18 Committee Vote: in 8-0 AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2017-18	2018-19
All Other	\$60,000	\$60,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$60,000</u>	<u>\$60,000</u>

Notes:

This initiative is associated with LD 1701 from last session and this session's LD 88 (legalizing marijuana). Costs were not included in either bill.

Justification:

The Bureau's modification of Rule 205, Certification of Assessors, will require the Property Tax Division to provide additional training opportunities for certified municipal assessors throughout the state. In addition, the passage of the Marijuana Legalization Act will require significant outreach activities by the Sales Tax division to marijuana retailers. Registration fees from the programs cover the program expenditures.

Revenue Services, Bureau of 0002

Initiative: Provides funding to reclassify 3 Property Appraiser positions to Senior Property Appraiser positions.

Ref. #: 19 Committee Vote: in 8-0 AFA Vote: _____

GENERAL FUND	2017-18	2018-19
Personal Services	\$22,813	\$27,938
GENERAL FUND TOTAL	<u>\$22,813</u>	<u>\$27,938</u>

Justification:

Individuals in Property Appraiser positions that are reclassified to Senior Property Appraiser positions and new hires will be required to demonstrate the achievement of certain competency benchmarks before Senior Property Appraiser pay is awarded. Until the achievement of these benchmarks, compensation will be at the Property Appraiser level. These changes will improve the ability of Maine Revenue Services to attract and retain capable property appraisers.

Revenue Services, Bureau of 0002

Initiative: Provides funding for the approved reclassifications of 2 Management Analyst II positions to Business Systems Administrator positions, one Business Systems Administrator position to a Business Systems Manager position, one Planning and Research Associate II position to a Business Systems Quality Assurance Manager position, one Senior Tax Examiner position to a Taxation Section Manager position and one Tax Examiner position to a Management Analyst I position.

Ref. #: 20

Committee Vote: in 8-0 AFA Vote: _____

GENERAL FUND	2017-18	2018-19
Personal Services	\$46,451	\$56,682
GENERAL FUND TOTAL	<u>\$46,451</u>	<u>\$56,682</u>

Justification:

These changes align position classifications more closely with the actual job duties.

**REVENUE SERVICES, BUREAU OF 0002
PROGRAM SUMMARY**

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
POSITIONS - LEGISLATIVE COUNT	292,000	295,000	284,500	286,500
Personal Services	\$21,859,048	\$21,840,047	\$23,036,556	\$23,584,724
All Other	\$14,360,316	\$14,717,501	\$15,463,798	\$15,460,718
GENERAL FUND TOTAL	\$36,219,364	\$36,557,548	\$38,500,354	\$39,045,442

FEDERAL EXPENDITURES FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$5,000	\$5,000	\$5,000	\$5,000
FEDERAL EXPENDITURES FUND TOTAL	\$5,000	\$5,000	\$5,000	\$5,000

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$11,403,348	\$11,403,348	\$11,463,348	\$11,463,348
OTHER SPECIAL REVENUE FUNDS TOTAL	\$11,403,348	\$11,403,348	\$11,463,348	\$11,463,348

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: BASELINE BUDGET

Tax OK

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$15,269	\$15,269	\$15,269	\$15,269
GENERAL FUND TOTAL	\$15,269	\$15,269	\$15,269	\$15,269

Justification:

The purpose of the Snow Grooming Property Tax Exemption Reimbursement program is to reimburse municipalities 50% of the property tax revenue loss as a result of the exemption for snow grooming equipment registered with the Department of Inland Fisheries and Wildlife.

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: Provides funding for projected increases in municipal reimbursements in the Snow Grooming Property Tax Exemption Reimbursement program.

Ref. #: 183

Committee Vote: in 13-0

AFA Vote: _____

	2017-18	2018-19
GENERAL FUND		
All Other	\$14,731	\$14,731
GENERAL FUND TOTAL	\$14,731	\$14,731

Justification:

The Snow Grooming Property Tax Exemption Reimbursement program reimburses municipalities 50% of the revenue lost due to the property tax exemption for snow grooming equipment registered with the Department of Inland Fisheries and Wildlife. Maine Revenue Services field staff is working to educate municipalities about the reimbursement program and anticipate municipalities purchasing new equipment and making more reimbursement requests under the program. Payments to municipalities are mandated by the Maine State Constitution, Article IV, Part 3, section 23.

**SNOW GROOMING PROPERTY TAX EXEMPTION REIMBURSEMENT Z024
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$15,269	\$15,269	\$30,000	\$30,000
GENERAL FUND TOTAL	\$15,269	\$15,269	\$30,000	\$30,000

Tree Growth Tax Reimbursement 0261

TAX OK

Initiative: BASELINE BUDGET

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$7,700,000	\$7,600,000	\$7,600,000	\$7,600,000
GENERAL FUND TOTAL	\$7,700,000	\$7,600,000	\$7,600,000	\$7,600,000

Justification:

The purpose of the Tree Growth Tax Reimbursement Program is to help moderate property tax rates for municipalities that experience reduced valuations due to the mandated use of (lower) current use values in place of (higher) ad valorem values. The reduced valuation on forestland causes a general shift in local tax burden to non-classified property because the lower taxable valuation base produces a somewhat higher property tax rate.

By statute, a municipal reimbursement is appropriate when it is determined that the use of mandated Tree Growth values results in a "tax loss" associated with classified forest lands as determined according to the statutorily established formula. The "tax loss" is offset by the calculated municipal savings in local share education costs that results from a lower State Valuation attributed to the use of Tree Growth values in determining said state valuation. Furthermore, the 90% amount of statutory reimbursement is subject to prorating based on the program allocation if full funding is not provided. In addition, municipalities that fail to comply with statutory requirements to maintain at least a 70% assessment ratio or timely file a completed Municipal Valuation Return will forfeit some or all of their reimbursement.

There are at least 3,600,000 classified acres included in over 22,000 parcels in municipalities statewide. There are over 7.5 million acres of classified forestland in the Unorganized Territory that receives no reimbursement. Thirty two percent of Unorganized Territory revenue is derived from owners of forestland classified under the Tree Growth Tax Law.

**TREE GROWTH TAX REIMBURSEMENT 0261
PROGRAM SUMMARY**

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$7,700,000	\$7,600,000	\$7,600,000	\$7,600,000
GENERAL FUND TOTAL	\$7,700,000	\$7,600,000	\$7,600,000	\$7,600,000

Unorganized Territory Education and Services Fund - Finance 0573

TAX OK

Initiative: BASELINE BUDGET

	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$16,511,000	\$17,235,000	\$17,235,000	\$17,235,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$16,511,000</u>	<u>\$17,235,000</u>	<u>\$17,235,000</u>	<u>\$17,235,000</u>

Justification:

To equitably assess and collect property taxes in the unorganized territory by discovering new property valuations.

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: Adjusts funding to align allocations with projected available resources.

Ref. #: 125

Committee Vote: in 8-0

AFA Vote: _____

	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS		
All Other	\$2,856,788	\$3,356,788
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$2,856,788</u>	<u>\$3,356,788</u>

Justification:

The Unorganized Territory Assessing District has statutorily authorized several Tax Increment Finance Districts (TIF) within the Unorganized Territories (UT). These TIF districts, per the TIF agreement, have captured assessed value (CAV) representing all improvements to the land after the creation of each respective TIF district. The taxes assessed and collected by Maine Revenue Services as the tax assessor and collector for the UT on the CAV are TIF revenues that annually must be paid over to the respective county. Per the TIF agreement, the respective county must then distribute the TIF revenues according to the TIF agreement terms agreed to by County government and the developer. The Somerset County and Penobscot County wind projects should be finished and operational in fiscal year 2017-18, an increase of 50%. The Aroostook County wind project is anticipated to be complete by fiscal year 2018-2019.

**UNORGANIZED TERRITORY EDUCATION AND SERVICES FUND - FINANCE 0573
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$16,511,000	\$17,235,000	\$20,091,788	\$20,591,788
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$16,511,000</u>	<u>\$17,235,000</u>	<u>\$20,091,788</u>	<u>\$20,591,788</u>

Veterans' Organization Tax Reimbursement Z062

Initiative: BASELINE BUDGET

TAX OK

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$29,106	\$29,106	\$29,106	\$29,106
GENERAL FUND TOTAL	\$29,106	\$29,106	\$29,106	\$29,106

Justification:

The purpose of this program is to reimburse municipalities for 50% of the loss in property tax revenue resulting from the expansion of the property tax exemption granted to veterans organizations.

**VETERANS' ORGANIZATION TAX REIMBURSEMENT Z062
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
All Other	\$29,106	\$29,106	\$29,106	\$29,106
GENERAL FUND TOTAL	\$29,106	\$29,106	\$29,106	\$29,106

Veterans Tax Reimbursement 0407

TAX OK

Initiative: BASELINE BUDGET

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$1,166,086	\$1,228,330	\$1,228,330	\$1,228,330
GENERAL FUND TOTAL	\$1,166,086	\$1,228,330	\$1,228,330	\$1,228,330

Justification:

The Veteran's Tax Exemption Reimbursement Program is mandated by Article IV, Part 3, Section 23 of the Maine Constitution. The purpose of the reimbursement is to diminish the effect upon local property tax burden arising from the municipal exemption provided for the estates of qualified veterans and certain survivors of a deceased veteran that are eligible based on the qualifying service of that veteran.

**VETERANS TAX REIMBURSEMENT 0407
PROGRAM SUMMARY**

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$1,166,086	\$1,228,330	\$1,228,330	\$1,228,330
GENERAL FUND TOTAL	\$1,166,086	\$1,228,330	\$1,228,330	\$1,228,330

Waste Facility Tax Reimbursement 0907

TAX OK

Initiative: BASELINE BUDGET

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$12,188	\$12,188	\$12,188	\$12,188
GENERAL FUND TOTAL	\$12,188	\$12,188	\$12,188	\$12,188

Justification:

The purpose of this program is to reimburse municipalities for 50% of the loss in property tax revenue resulting from property tax exemptions granted on animal waste storage facilities.

**WASTE FACILITY TAX REIMBURSEMENT 0907
PROGRAM SUMMARY**

GENERAL FUND	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$12,188	\$12,188	\$12,188	\$12,188
GENERAL FUND TOTAL	\$12,188	\$12,188	\$12,188	\$12,188

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2017-18	2018-19
GENERAL FUND	\$72,234,893	\$66,527,528
FEDERAL EXPENDITURES FUND	\$5,000	\$5,000
OTHER SPECIAL REVENUE FUNDS	\$33,045,136	\$33,545,136
BUREAU OF REVENUE SERVICES FUND	\$151,720	\$151,720
DEPARTMENT TOTAL - ALL FUNDS	\$105,436,749	\$100,229,384

Sec. A-59. Appropriations and allocations. The following appropriations and allocations are made.

PROPERTY TAX REVIEW, STATE BOARD OF

Property Tax Review - State Board of 0357

TAX OK

Initiative: BASELINE BUDGET

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
Personal Services	\$6,000	\$6,000	\$6,000	\$6,000
All Other	\$80,565	\$80,565	\$80,565	\$80,565
GENERAL FUND TOTAL	\$86,565	\$86,565	\$86,565	\$86,565
	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$3,000	\$3,000	\$3,000	\$3,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$3,000	\$3,000	\$3,000	\$3,000

Justification:

The Board has been established to hear and determine tax abatement appeals involving nonresidential properties with an equalized valuation of \$1,000,000 or more and appeals arising under 1) the tree tax law (36 MRSA 571 et seq.), 2) the farm and open space law (36 MRSA 1101 et seq.), 3) mine site cases (as provided in 36 MRSA 2865), 4) Working Waterfront designations (36 MRSA, 1131 et seq.); and municipal valuation appeals (36 MRSA 272).

**PROPERTY TAX REVIEW - STATE BOARD OF 0357
PROGRAM SUMMARY**

	History 2015-16	History 2016-17	2017-18	2018-19
GENERAL FUND				
Personal Services	\$6,000	\$6,000	\$6,000	\$6,000
All Other	\$80,565	\$80,565	\$80,565	\$80,565
GENERAL FUND TOTAL	\$86,565	\$86,565	\$86,565	\$86,565
	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$3,000	\$3,000	\$3,000	\$3,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$3,000	\$3,000	\$3,000	\$3,000

PROPERTY TAX REVIEW, STATE BOARD OF

DEPARTMENT TOTALS	2017-18	2018-19
GENERAL FUND	\$86,565	\$86,565
OTHER SPECIAL REVENUE FUNDS	\$3,000	\$3,000
DEPARTMENT TOTAL - ALL FUNDS	\$89,565	\$89,565

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Sec. A-68. Appropriations and allocations. The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Disproportionate Tax Burden Fund 0472

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$15,700,000	\$15,700,000	\$15,700,000	\$15,700,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$15,700,000	\$15,700,000	\$15,700,000	\$15,700,000

Justification:

The Disproportionate Tax Burden Fund was established to provide additional support for municipalities experiencing a higher-than-average property tax burden. Staff in the Administration program distribute payments to more than 490 municipalities by the 20th of each month; update individual municipalities' statistics annually which are used to determine the distribution ratio; respond to municipalities' questions and audits confirmations; forward projection information to the Maine Municipal Association for distribution; maintain and update website (facilitating electronic deposit) monthly.

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources.

Ref. #: 3215

Committee Vote: in 13-0

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2017-18	2018-19
All Other	\$879,084	\$1,499,484
OTHER SPECIAL REVENUE FUNDS TOTAL	\$879,084	\$1,499,484

Justification:

Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources available as of the end of the 127th 2nd Regular Session.

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts funding to reflect revenue changes approved by the December 1, 2016 Revenue Forecasting Committee.

Ref. #: 3216

Committee Vote: in 13-0

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2017-18	2018-19
All Other	\$5,600	(\$112,400)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$5,600	(\$112,400)

Justification:

Adjusts funding to reflect revenue changes approved by the December 1, 2016 Revenue Forecasting Committee.

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts allocations to reflect revenue changes associated with changes in individual income tax rates pursuant to Part D.

Ref. #: 3217

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

OTHER SPECIAL REVENUE FUNDS TOTAL

Action on this initiative will depend on action on income tax rates in Part D

2017-18	2018-19
(\$782,051)	(\$743,132)
(\$782,051)	(\$743,132)

Justification:

TAX REFORM See ADM C-D-7070, EDU C-D-7070 and TRE C-D-7070.

These amounts to not appear to agree with other MRS estimates

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts allocations to reflect revenue changes associated with changes in the sales and use tax rates pursuant to Part E.

Ref. #: 3218

Committee Vote: in 10-3

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

OTHER SPECIAL REVENUE FUNDS TOTAL

Action on this initiative will depend upon action on sales tax rate on lodging in Sec-E-3.

2017-18	2018-19
\$81,512	\$319,761
\$81,512	\$319,761

These figures do not appear to agree with other MRS estimates

Justification:

TAX REFORM See ADM C-E-7071, ECC C-E-7071, ECC C-A-7081, TRC C-E-7071, TRC C-A-7081 and TRE C-E-7071.

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts allocations to reflect revenue changes associated with changes in the corporate income tax rate pursuant to Part D.

Ref. #: 3219

Committee Vote: in 7-6

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

OTHER SPECIAL REVENUE FUNDS TOTAL

Action on this initiative will depend on action on corporate income tax rates under Sec. D-14.

2017-18	2018-19
(\$10,248)	(\$51,776)

These figures do not appear to agree with other MRS estimates

OTHER SPECIAL REVENUE FUNDS TOTAL

(\$10,248) (\$51,776)

Justification:

TAX REFORM See ADM C-D-7080 and TRE C-D-7090.

**DISPROPORTIONATE TAX BURDEN FUND 0472
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$15,700,000	\$15,700,000	\$15,873,897	\$16,611,937
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$15,700,000</u>	<u>\$15,700,000</u>	<u>\$15,873,897</u>	<u>\$16,611,937</u>

Passamaquoddy Sales Tax Fund 0915

TAX - OK

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$17,607	\$17,607	\$17,607	\$17,607
OTHER SPECIAL REVENUE FUNDS TOTAL	\$17,607	\$17,607	\$17,607	\$17,607

Justification:

The purpose of this program is to process the reimbursement of sales taxes paid to the Passamaquoddy Tribal Government.

**PASSAMAQUODDY SALES TAX FUND 0915
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$17,607	\$17,607	\$17,607	\$17,607
OTHER SPECIAL REVENUE FUNDS TOTAL	\$17,607	\$17,607	\$17,607	\$17,607

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State - Municipal Revenue Sharing 0020

Initiative: BASELINE BUDGET

TAX OK

	History 2015-16	History 2016-17	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS				
All Other	\$46,800,000	\$46,800,000	\$46,800,000	\$46,800,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$46,800,000	\$46,800,000	\$46,800,000	\$46,800,000

Justification:

Within the State-Municipal Revenue Sharing program exists the Local Government Fund which was established to strengthen the state-municipal fiscal relationship in an effort to stabilize the municipal property tax burden and to aid in financing all municipal services. The Disproportionate Tax Burden Fund was also established to provide additional support for municipalities experiencing a higher-than-average property tax burden. Staff in the Administration program distribute payments to more than 490 municipalities by the 20th of each month; update individual municipalities' statistics annually which are used to determine the distribution ratio; respond to municipalities' questions and audits confirmations; forward projection information to the Maine Municipal Association for distribution; maintain and update website (facilitating electronic deposit) monthly.

State - Municipal Revenue Sharing 0020

Initiative: Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources.

Ref. #: 3197

Committee Vote: in 13-0

AFA Vote: _____

	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS		
All Other	\$3,516,335	\$5,997,936
OTHER SPECIAL REVENUE FUNDS TOTAL	\$3,516,335	\$5,997,936

Justification:

Adjusts funding for Municipal Revenue Sharing to bring allocations in line with projected available resources available as of the end of the 127th 2nd Regular Session.

State - Municipal Revenue Sharing 0020

Initiative: Adjusts funding to reflect revenue changes approved by the December 1, 2016 Revenue Forecasting Committee.

Ref. #: 3198

Committee Vote: in 13-0

AFA Vote: _____

	2017-18	2018-19
OTHER SPECIAL REVENUE FUNDS		
All Other	\$22,400	(\$449,600)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$22,400	(\$449,600)

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Justification:

Adjusts funding to reflect revenue changes approved by the December 1, 2016 Revenue Forecasting Committee.

State - Municipal Revenue Sharing 0020

Initiative: Adjusts allocations to reflect revenue changes associated with changes in individual income tax rates pursuant to Part D.

Ref. #: 3199

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

OTHER SPECIAL REVENUE FUNDS TOTAL

Action on this item will depend on action on income tax rates in part D

	2017-18	2018-19
	(\$3,128,205)	(\$2,972,528)
	(\$3,128,205)	(\$2,972,528)

Justification:

TAX REFORM See ADM C-D-7070, EDU C-D-7070 and TRE C-D-7070.

These amounts do not appear to agree with other MRS estimates

State - Municipal Revenue Sharing 0020

Initiative: Adjusts allocations to reflect revenue changes associated with changes in the sales and use tax rates pursuant to Part E.

Ref. #: 3200

Committee Vote: in 10-3

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

OTHER SPECIAL REVENUE FUNDS TOTAL

Action on this initiative will depend upon action on sales tax rate on lodging in Sec E-3

	2017-18	2018-19
	\$326,046	\$1,279,045
	\$326,046	\$1,279,045

Justification:

TAX REFORM See ADM C-E-7071, ECC C-E-7071, ECC C-A-7081, TRC C-E-7071, TRC C-A-7081 and TRE C-E-7071.

These figures do not appear to agree with other MRS estimates

State - Municipal Revenue Sharing 0020

Initiative: Adjusts allocations to reflect revenue changes associated with changes in the corporate income tax rate pursuant to Part D.

Ref. #: 3201

Committee Vote: in 7-6

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS

All Other

OTHER SPECIAL REVENUE FUNDS TOTAL

Action on this initiative will depend on action on corporate income tax rates under Sec D-14

	2017-18	2018-19
	(\$40,991)	(\$207,105)

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(30)

These figures do not appear to agree with other

OTHER SPECIAL REVENUE FUNDS TOTAL

(\$40,991) (\$207,105)

Justification:

TAX REFORM See ADM C-D-7080 and TRE C-D-7090.

**STATE - MUNICIPAL REVENUE SHARING 0020
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2015-16	History 2016-17	2017-18	2018-19
All Other	\$46,800,000	\$46,800,000	\$47,495,585	\$50,447,748
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$46,800,000</u>	<u>\$46,800,000</u>	<u>\$47,495,585</u>	<u>\$50,447,748</u>

TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS

OTHER SPECIAL REVENUE FUNDS

DEPARTMENT TOTAL - ALL FUNDS

	2017-18	2018-19
	\$63,387,089	\$67,077,292
	<u>\$63,387,089</u>	<u>\$67,077,292</u>