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STATE OF MAINE
ONE HUNDRED AND TWENTY-NINTH LEGISLATURE
COMMITTEE ON TAXATION

March 23, 2021

TO: Sen. Catherine Breen, Senate Chair
Rep. Teresa Pierce, House Chair
Joint Standing Committee on Appropriations and Financial Affairs

FROM: Sen. Benjamin Chipman, Senate Chair
Rep. Maureen Terry, House Chair
Joint Standing Committee on Taxation

RE: Report back on Biennial Budget

The Joint Standing Committee on Taxation has reviewed the portions of the biennial budget that were heard jointly with the Appropriations Committee. We have completed the report-back template provided to us which is attached. We are unanimous for the 10 or 11 members present when we voted, with three exceptions listed below. We also point out that we unanimously (12-0) recommend not including Part G which proposes to reduce revenue sharing for FY 22 and FY 23 from 5% to 3.75%.

1. **Renewable Energy Facilities Property Tax Exemption Z296 (Ref.#185).** Eight of our members approve including this initiative in the budget, three members voted not to include this initiative.
2. **Part H. Expansion of service provider tax to “digital audio-visual and digital audio services.”** Six of our members recommend removing this provision from the budget. Five members recommend including this provision
3. **Part F. Property Tax Relief Fund.** Nine of our members voted to include this provision repealing the Property Tax Relief Fund and redistributing its revenue stream to the Budget Stabilization Fund and the Capital Construction and Improvements Reserve Fund. Three members voted not to include Part F and to maintain the Property Tax Relief Fund as in current law.

NOTE: Although our public hearing with AFA included the allocation for the Property Tax Relief Fund (p. A-485) the template materials provided to us did not include that provision. We have added a page to the template materials to indicate our support for the continuation of the allocation for the Fund.

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

	History 2019-20	History 2020-21	2021-22	2022-23
BUREAU OF REVENUE SERVICES FUND				
All Other	\$151,720	\$151,720	\$151,720	\$151,720
BUREAU OF REVENUE SERVICES FUND TOTAL	<u>\$151,720</u>	<u>\$151,720</u>	<u>\$151,720</u>	<u>\$151,720</u>

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

	History 2019-20	History 2020-21	2021-22	2022-23
BUREAU OF REVENUE SERVICES FUND				
All Other	\$151,720	\$151,720	\$151,720	\$151,720
BUREAU OF REVENUE SERVICES FUND TOTAL	<u>\$151,720</u>	<u>\$151,720</u>	<u>\$151,720</u>	<u>\$151,720</u>

In: 11-0

County Tax Reimbursement 0263

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
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

County Tax Reimbursement 0263

Initiative: Provides funding to accommodate the increasing revenue collected from unorganized territory taxpayers for motor vehicle and watercraft excise tax.

Ref. #: 95

In: Committee Vote: 11-0 AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2021-22	2022-23
All Other	\$560,000	\$560,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$560,000	\$560,000

Justification:

The primary function of this program is to ensure that the revenue collected is used to provide services to the Unorganized Territory Tax District. Receipts are funneled to the appropriate County treasury having jurisdiction over that unorganized location.

**COUNTY TAX REIMBURSEMENT 0263
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$1,440,000	\$1,440,000	\$2,000,000	\$2,000,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,440,000	\$1,440,000	\$2,000,000	\$2,000,000

Homestead Property Tax Exemption Reimbursement 0886

Initiative: BASELINE BUDGET

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$68,500,000	\$89,580,000	\$89,580,000	\$89,580,000
GENERAL FUND TOTAL	\$68,500,000	\$89,580,000	\$89,580,000	\$89,580,000

Homestead Property Tax Exemption Reimbursement 0886

Initiative: Provides funding required by Public Law 2019, chapter 343, Part H, which increased the homestead exemption from \$20,000 to \$25,000 and increased the rate of reimbursement to 70%.

Ref. #: 137

Committee Vote: In 11-0

AFA Vote: _____

GENERAL FUND	2021-22	2022-23
All Other	\$7,500,000	\$8,200,000
GENERAL FUND TOTAL	\$7,500,000	\$8,200,000

Justification:

This initiative provides funding required by Public Law 2019, chapter 343, Part H which increased the homestead exemption from \$20,000 to \$25,000 and increased the rate of reimbursement to 70%. The Homestead Tax Exemption Reimbursement Program is mandated by Article IV, Part 3, Section 23 of the Maine Constitution.

HOMESTEAD PROPERTY TAX EXEMPTION REIMBURSEMENT 0886

PROGRAM SUMMARY

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$68,500,000	\$89,580,000	\$97,080,000	\$97,780,000
GENERAL FUND TOTAL	\$68,500,000	\$89,580,000	\$97,080,000	\$97,780,000

Maine Board of Tax Appeals Z146

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
POSITIONS - LEGISLATIVE COUNT	3.000	3.000	3.000	3.000
Personal Services	\$306,652	\$307,918	\$314,406	\$320,220
All Other	\$62,948	\$62,948	\$62,948	\$62,948
GENERAL FUND TOTAL	\$369,600	\$370,866	\$377,354	\$383,168
	History 2019-20	History 2020-21	2021-22	2022-23
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

Maine Board of Tax Appeals Z146

Initiative: Reduces funding in the Maine Board of Tax Appeals General Fund account for general operating expenses.

Ref. #: 167

Committee Vote: In: 11-0 AFA Vote: _____

	2021-22	2022-23
GENERAL FUND		
All Other	(\$20,000)	(\$20,000)
GENERAL FUND TOTAL	(\$20,000)	(\$20,000)

Justification:

This initiative reduces funding in the Maine Board of Tax Appeals account for general operations to align with actual operating expenses.

4

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

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
POSITIONS - LEGISLATIVE COUNT	3.000	3.000	3.000	3.000
Personal Services	\$306,652	\$307,918	\$314,406	\$320,220
All Other	\$62,948	\$62,948	\$42,948	\$42,948
GENERAL FUND TOTAL	\$369,600	\$370,866	\$357,354	\$363,168
OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
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

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$19,097	\$19,097	\$19,097	\$19,097
GENERAL FUND TOTAL	\$19,097	\$19,097	\$19,097	\$19,097

Mandate BETE - Reimburse Municipalities Z065

Initiative: Provides funding to reimburse municipalities for implementing a state-mandated program.

Ref. #: 161

Committee Vote: In 11-0 AFA Vote: _____

	2021-22	2022-23
GENERAL FUND		
All Other	\$1,403	\$1,403
GENERAL FUND TOTAL	\$1,403	\$1,403

Justification:

These reimbursements are made to comply with two State constitutional provisions. Article IV, Part Third, Section 23 requires reimbursement of no less than 50% of the property tax revenue loss resulting from a statutory property tax exemption or credit enacted after 1978. Article IX, Section 21 requires reimbursement of 90% of the cost to a municipality to implement a state mandated program. More filing is anticipated as older equipment is retired and replaced with new equipment which qualifies for BETE.

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

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$19,097	\$19,097	\$20,500	\$20,500
GENERAL FUND TOTAL	\$19,097	\$19,097	\$20,500	\$20,500

(6)

Renewable Energy Facilities Property Tax Exemption Z296

Initiative: Provides funds to reimburse municipalities 50% of the property tax revenue lost as a result of the exemption for renewable energy facilities.

Ref. #: 185

Committee Vote: In. 8-3

AFA Vote: _____

GENERAL FUND	2021-22	2022-23
All Other	\$192,500	\$1,700,000
GENERAL FUND TOTAL	\$192,500	\$1,700,000

Justification:

This initiative provides the funding necessary to reimburse municipalities for reduction in property tax revenues as a result of implementing Public Law 2019, chapter 440 An Act to Create Tax Equity among Renewable Energy Investments.

Renewable Energy Facilities Property Tax Exemption Z296

Initiative: Provides funds to reimburse municipalities' mandated cost of complying with the renewable energy facilities property tax exemption.

Ref. #: 186

Committee Vote: In. 11-0

AFA Vote: _____

GENERAL FUND	2021-22	2022-23
All Other	\$22,000	\$22,000
GENERAL FUND TOTAL	\$22,000	\$22,000

Justification:

This initiative provides the funding necessary to reimburse municipalities for the mandated cost associated with the implementation of Public Law 2019, chapter 440 An Act to Create Tax Equity among Renewable Energy Investments.

**RENEWABLE ENERGY FACILITIES PROPERTY TAX EXEMPTION Z296
PROGRAM SUMMARY**

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$0	\$0	\$214,500	\$1,722,000
GENERAL FUND TOTAL	\$0	\$0	\$214,500	\$1,722,000

Revenue Services, Bureau of 0002

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
POSITIONS - LEGISLATIVE COUNT	290.000	291.000	281.500	281.500
Personal Services	\$24,461,717	\$24,956,693	\$27,656,985	\$28,036,262
All Other	\$16,554,239	\$16,484,722	\$16,484,722	\$16,484,722
GENERAL FUND TOTAL	\$41,015,956	\$41,441,415	\$44,141,707	\$44,520,984
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	\$11,479,348	\$11,463,348	\$11,463,348	\$11,463,348
OTHER SPECIAL REVENUE FUNDS TOTAL	\$11,479,348	\$11,463,348	\$11,463,348	\$11,463,348

Revenue Services, Bureau of 0002

Initiative: Eliminates funding for the highway use tax evasion projects.

Ref. #: 9

Committee Vote: In: 11-0 AFA Vote: _____

	2021-22	2022-23
FEDERAL EXPENDITURES FUND		
All Other	(\$5,000)	(\$5,000)
FEDERAL EXPENDITURES FUND TOTAL	(\$5,000)	(\$5,000)

Justification:

This initiative eliminates the allocation in this account. This account was established to allocate federal funds to the State's highway use tax evasion projects. Federal funds have not been available for this program for 16 years.

Revenue Services, Bureau of 0002

Initiative: Reduces funding in the Maine Revenues Services General Fund account to reflect one-time savings in technology and professional services.

Ref. #: 10

One Time

Committee Vote: In: 11-0 AFA Vote: _____

	2021-22	2022-23
GENERAL FUND		
All Other	(\$1,714,411)	(\$1,714,411)

(8)

GENERAL FUND TOTAL

(\$1,714,411) (\$1,714,411)

Justification:

This initiative reduces funding in the Maine Revenue Services account for professional services and technology expenditures planned for the 2022-23 biennium.

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

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
POSITIONS - LEGISLATIVE COUNT	290.000	291.000	281.500	281.500
Personal Services	\$24,461,717	\$24,956,693	\$27,656,985	\$28,036,262
All Other	\$16,554,239	\$16,484,722	\$14,770,311	\$14,770,311
GENERAL FUND TOTAL	\$41,015,956	\$41,441,415	\$42,427,296	\$42,806,573
FEDERAL EXPENDITURES FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$5,000	\$5,000	\$0	\$0
FEDERAL EXPENDITURES FUND TOTAL	\$5,000	\$5,000	\$0	\$0
OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$11,479,348	\$11,463,348	\$11,463,348	\$11,463,348
OTHER SPECIAL REVENUE FUNDS TOTAL	\$11,479,348	\$11,463,348	\$11,463,348	\$11,463,348

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$30,000	\$30,000	\$30,000	\$30,000
GENERAL FUND TOTAL	\$30,000	\$30,000	\$30,000	\$30,000

Snow Grooming Property Tax Exemption Reimbursement Z024

Initiative: Reduces funding in the snowmobile trail grooming equipment property tax exemption reimbursement General Fund account for reimbursements to municipalities for 50% of the property tax revenue loss as a result of the exemption for snowmobile trail grooming equipment registered with the Department of Inland Fisheries and Wildlife.

Ref. #: 155

Committee Vote: In: 11-0

AFA Vote: _____

	2021-22	2022-23
GENERAL FUND		
All Other	(\$3,120)	(\$3,120)
GENERAL FUND TOTAL	(\$3,120)	(\$3,120)

Justification:

This initiative reduces funding in the Snow Grooming Property Tax Exemption Reimbursement account for grants to cities and town expenditures planned for the 2022-23 biennium.

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

3 / in

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$30,000	\$30,000	\$26,880	\$26,880
GENERAL FUND TOTAL	\$30,000	\$30,000	\$26,880	\$26,880



Tree Growth Tax Reimbursement 0261

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$7,600,000	\$7,600,000	\$7,600,000	\$7,600,000
GENERAL FUND TOTAL	<u>\$7,600,000</u>	<u>\$7,600,000</u>	<u>\$7,600,000</u>	<u>\$7,600,000</u>

**TREE GROWTH TAX REIMBURSEMENT 0261
PROGRAM SUMMARY**

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$7,600,000	\$7,600,000	\$7,600,000	\$7,600,000
GENERAL FUND TOTAL	<u>\$7,600,000</u>	<u>\$7,600,000</u>	<u>\$7,600,000</u>	<u>\$7,600,000</u>

In: 11-0

Unorganized Territory Education and Services Fund - Finance 0573

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$20,591,788	\$20,591,788	\$20,591,788	\$20,591,788
OTHER SPECIAL REVENUE FUNDS TOTAL	\$20,591,788	\$20,591,788	\$20,591,788	\$20,591,788

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

OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$20,591,788	\$20,591,788	\$20,591,788	\$20,591,788
OTHER SPECIAL REVENUE FUNDS TOTAL	\$20,591,788	\$20,591,788	\$20,591,788	\$20,591,788

In: 11-0

Veterans Tax Reimbursement 0407

Initiative: BASELINE BUDGET

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$1,228,330	\$1,228,330	\$1,228,330	\$1,228,330
GENERAL FUND TOTAL	\$1,228,330	\$1,228,330	\$1,228,330	\$1,228,330

Veterans Tax Reimbursement 0407

Initiative: Provides funding to diminish the effect on the 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.

Ref. #: 100

Committee Vote: In: 11-0

AFA Vote: _____

GENERAL FUND	2021-22	2022-23
All Other	\$31,670	\$31,670
GENERAL FUND TOTAL	\$31,670	\$31,670

Justification:

The Veteran's Tax Exemption Reimbursement Program is mandated by Article IV, Part Third, Section 23 of the Maine Constitution.

**VETERANS TAX REIMBURSEMENT 0407
PROGRAM SUMMARY**

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$1,228,330	\$1,228,330	\$1,260,000	\$1,260,000
GENERAL FUND TOTAL	\$1,228,330	\$1,228,330	\$1,260,000	\$1,260,000

(13)
~~(13)~~

Veterans' Organizations Tax Reimbursement Z062

Initiative: BASELINE BUDGET

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$50,000	\$50,000	\$50,000	\$50,000
GENERAL FUND TOTAL	\$50,000	\$50,000	\$50,000	\$50,000

Veterans' Organizations Tax Reimbursement Z062

Initiative: Reduces funding in the veterans' organizations tax reimbursement General Fund account for reimbursements to municipalities for the cost to implement this program.

Ref. #: 158

Committee Vote: In 11-0

AFA Vote: _____

GENERAL FUND	2021-22	2022-23
All Other	(\$5,200)	(\$5,200)
GENERAL FUND TOTAL	(\$5,200)	(\$5,200)

Justification:

This initiative reduces funding in the Veterans' Organizations Tax Reimbursement account for grants to cities and town expenditures planned for the 2022-23 biennium to align with projected actual expenses for reimbursements to municipalities for the cost to implement this program.

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

GENERAL FUND	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$50,000	\$50,000	\$44,800	\$44,800
GENERAL FUND TOTAL	\$50,000	\$50,000	\$44,800	\$44,800

14


Waste Facility Tax Reimbursement 0907

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$12,188	\$12,188	\$12,188	\$12,188
GENERAL FUND TOTAL	\$12,188	\$12,188	\$12,188	\$12,188

Waste Facility Tax Reimbursement 0907

Initiative: Reduces funding in the tax reimbursement for waste facilities General Fund account for reimbursement to municipalities for 50% of the loss on property tax revenue resulting from exemptions granted in the Maine Revised Statutes, Title 36, section 656, subsection 1, paragraph J.

Ref. #: 142

Committee Vote: In: 11-0 AFA Vote: _____

	2021-22	2022-23
GENERAL FUND		
All Other	(\$1,268)	(\$1,268)
GENERAL FUND TOTAL	(\$1,268)	(\$1,268)

Justification:

This initiative reduces funding in the Tax Reimbursement - Waste Facility account for grants to cities and town expenditures planned for the 2022-23 biennium to align with projected actual expenses for reimbursement to municipalities for 50% of the loss on property tax revenue resulting from exemptions granted in Title 36, §656.1, J.

WASTE FACILITY TAX REIMBURSEMENT 0907

PROGRAM SUMMARY

	History 2019-20	History 2020-21	2021-22	2022-23
GENERAL FUND				
All Other	\$12,188	\$12,188	\$10,920	\$10,920
GENERAL FUND TOTAL	\$12,188	\$12,188	\$10,920	\$10,920

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2021-22	2022-23
GENERAL FUND	\$149,042,250	\$151,634,841
FEDERAL EXPENDITURES FUND	\$0	\$0
OTHER SPECIAL REVENUE FUNDS	\$34,100,136	\$34,100,136
BUREAU OF REVENUE SERVICES FUND	\$151,720	\$151,720
DEPARTMENT TOTAL - ALL FUNDS	<u>\$183,294,106</u>	<u>\$185,886,697</u>

Sec. A-56. Appropriations and allocations.

The following appropriations and allocations are made.

PROPERTY TAX REVIEW, STATE BOARD OF

Property Tax Review - State Board of 0357

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
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 2019-20	History 2020-21	2021-22	2022-23
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 0357
PROGRAM SUMMARY**

	History 2019-20	History 2020-21	2021-22	2022-23
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 2019-20	History 2020-21	2021-22	2022-23
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

in: 11-0

PROPERTY TAX REVIEW, STATE BOARD OF

DEPARTMENT TOTALS	2021-22	2022-23
GENERAL FUND	\$86,565	\$86,565
OTHER SPECIAL REVENUE FUNDS	\$3,000	\$3,000
DEPARTMENT TOTAL - ALL FUNDS	\$89,565	\$89,565

Sec. A-66. Appropriations and allocations.

The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Disproportionate Tax Burden Fund 0472

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS				
All Other	\$21,128,268	\$26,418,539	\$26,418,539	\$26,418,539
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$21,128,268</u>	<u>\$26,418,539</u>	<u>\$26,418,539</u>	<u>\$26,418,539</u>

Disproportionate Tax Burden Fund 0472

Initiative: Adjusts funding for state-municipal revenue sharing to bring allocations in line with projected available resources for fiscal year 2022-23.

Ref. #: 2484

Committee Vote: In: 10-0 AFA Vote: _____

	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS		
All Other	\$5,645,019	\$6,902,569
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$5,645,019</u>	<u>\$6,902,569</u>

Justification:

This initiative adjusts the allocation for the State-Municipal Revenue Sharing account based on the projected amount of revenue sharing funds available for fiscal year 2022-23. The distribution of revenue sharing funds is required in accordance with Maine Revised Statutes Title 30-A, section 5681.

**DISPROPORTIONATE TAX BURDEN FUND 0472
PROGRAM SUMMARY**

	History 2019-20	History 2020-21	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS				
All Other	\$21,128,268	\$26,418,539	\$32,063,558	\$33,321,108
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$21,128,268</u>	<u>\$26,418,539</u>	<u>\$32,063,558</u>	<u>\$33,321,108</u>

Passamaquoddy Sales Tax Fund 0915

Initiative: BASELINE BUDGET

	History 2019-20	History 2020-21	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS				
All Other	\$17,607	\$17,607	\$17,607	\$17,607
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$17,607</u>	<u>\$17,607</u>	<u>\$17,607</u>	<u>\$17,607</u>

**PASSAMAQUODDY SALES TAX FUND 0915
PROGRAM SUMMARY**

	History 2019-20	History 2020-21	2021-22	2022-23
OTHER SPECIAL REVENUE FUNDS				
All Other	\$17,607	\$17,607	\$17,607	\$17,607
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$17,607</u>	<u>\$17,607</u>	<u>\$17,607</u>	<u>\$17,607</u>

In: 10-0

State - Municipal Revenue Sharing 0020

Initiative: BASELINE BUDGET

OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$85,641,338	\$117,706,329	\$117,706,329	\$117,706,329
OTHER SPECIAL REVENUE FUNDS TOTAL	\$85,641,338	\$117,706,329	\$117,706,329	\$117,706,329

State - Municipal Revenue Sharing 0020

Initiative: Adjusts funding for state-municipal revenue sharing to bring allocations in line with projected available resources for fiscal year 2022-23.

Ref. #: 2470

Committee Vote: In: 10-0 AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2021-22	2022-23
All Other	(\$5,452,100)	(\$421,901)
OTHER SPECIAL REVENUE FUNDS TOTAL	(\$5,452,100)	(\$421,901)

Justification:

This initiative adjusts the allocation for the State-Municipal Revenue Sharing account based on the projected amount of revenue sharing funds available for fiscal year 2022-23. The distribution of revenue sharing funds is required in accordance with Maine Revised Statutes Title 30-A, section 5681.

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

OTHER SPECIAL REVENUE FUNDS	History 2019-20	History 2020-21	2021-22	2022-23
All Other	\$85,641,338	\$117,706,329	\$112,254,229	\$117,284,428
OTHER SPECIAL REVENUE FUNDS TOTAL	\$85,641,338	\$117,706,329	\$112,254,229	\$117,284,428

21

TREASURER OF STATE, OFFICE OF

DEPARTMENT TOTALS

OTHER SPECIAL REVENUE FUNDS

DEPARTMENT TOTAL - ALL FUNDS

	2021-22	2022-23
	\$144,335,394	\$150,623,143
	<u>\$144,335,394</u>	<u>\$150,623,143</u>

PASSAMAQUODDY SALES TAX FUND 0915

What the Budget purchases:

The Passamaquoddy Sales Tax Fund processes reimbursement of sales taxes paid to the Passamaquoddy Tribal Government.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	17,607	17,607	17,607	17,607
Total	17,607	17,607	17,607	17,607

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	17,607	17,607	17,607	17,607
Total	17,607	17,607	17,607	17,607

PROPERTY TAX RELIEF FUND FOR MAINE RESIDENTS Z285

What the Budget purchases:

The Property Tax Relief Program, an Other Special Revenue Funds account in the Office of the Treasurer of State, is established to cover the cost of property tax relief payments to residents of the State, the costs of the Treasurer of State in administering this section and the cost to make state payments to municipalities for costs related to relief payments pursuant to mandates under the Constitution of Maine, Article IX, Section 21.

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	206,500	206,500	206,500	206,500
Total	206,500	206,500	206,500	206,500

Initiative: NONE

	<u>Actual</u> 2019-20	<u>Current</u> 2020-21	<u>Budgeted</u> 2021-22	<u>Budgeted</u> 2022-23
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	206,500	206,500	206,500	206,500
Total	206,500	206,500	206,500	206,500

In 10-0

PART H

Out: 6
In: 5

Sec. H-1. 30-A MRSA § 5681, sub-§5, as amended by PL 2019, c. 343, Pt. H, §1, is further amended to read:

5. Transfers to funds. No later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F and, L, and N, and credited to the General Fund without any reduction, except that for fiscal years 2015-16, 2016-17, 2017-18 and 2018-19 the amount transferred is 2%, for fiscal year 2019-20 the amount transferred is 3% and for fiscal year 2020-21 the amount transferred is 3.75% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F and, L, and N, and credited to the General Fund without any reduction, and except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. A percentage share of the amounts transferred to the Local Government Fund each month must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows:

- C. For months beginning on or after July 1, 2009 but before July 1, 2010, 15%;
- D. For months beginning on or after July 1, 2010 but before July 1, 2011, 16%;
- E. For months beginning on or after July 1, 2011 but before July 1, 2012, 17%;
- F. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%;
- G. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and
- H. For months beginning on or after July 1, 2014, 20%.

Sec. H-2. 36 MRSA §2551, sub-§2-B is enacted to read:

2-B. Digital audio-visual and digital audio services. “Digital audio-visual and digital audio services” means the electronic transfer of digital audio-visual works and digital audio works to an end user with the right of less than permanent use granted by the seller, including when conditioned upon continued payment from the purchaser or a subscription.

For purposes of this subsection:

A. “End user” means a person other than a person who receives by contract a product transferred electronically for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution or exhibition of the product, in whole or in part, to another person;

B. “Permanent” means perpetual or for an indefinite or unspecified length of time;

C. “Subscription” means an agreement with a seller that grants a purchaser the right to obtain products transferred electronically, in a fixed quantity or for a fixed period of time, or both; and

D. “Transfer electronically” or “electronic transfer” means obtainment by the purchaser by means other than tangible storage media.

Sec. H-3. 36 MRSA §2551, sub-§2-C is enacted to read:

2-C. Digital audio-visual works. “Digital audio-visual works” means a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

Sec. H-4. 36 MRSA §2551, sub-§2-D is enacted to read:

2-D. Digital audio works. “Digital audio works” means works that result from the fixation of a series of musical, spoken or other sounds, including ringtones. For purposes of this subsection, “ringtones” means digitized sound files that are downloaded onto a device and that may be used to alert the purchaser with respect to a communication.

Sec. H-5. 36 MRSA §2552, sub-§1, ¶L, as amended by PL 2013, c. 368, Pt. OOOO, §3, is further amended to read:

L. Ancillary services;~~and~~

Sec. H-6. 36 MRSA §2552, sub-§1, ¶M, as enacted by PL 2013, c. 368, Pt. OOOO, §4, is amended to read:

M. Group residential services for persons with brain injuries; and

Sec. H-7. 36 MRSA §2552, sub-§1, ¶N is enacted to read:

N. Digital audio-visual and digital audio services.

Sec. H-8. 36 MRSA §2556-A is enacted to read:

§2556-A. Sourcing for sales of digital audio-visual and digital audio services

The sale of digital audio-visual and digital audio services is sourced in this State pursuant to this section.

1. Sourced to address of purchaser in seller's business records. The sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith.

2. Sourced to address of purchaser not in seller's business records. For a sale when subsection 1 does not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith.

3. Sourced to address from which service provided. When subsections 1 and 2 do not apply, including the circumstance in which the seller is without sufficient information to apply subsection 1 or 2, the location is determined by the address from which the service was provided, disregarding for these purposes any location that was merely the site from which the digital transfer of the product sold was provided.

4. Mobile telecommunications service providers. Notwithstanding sections 1 to 3, the sale of digital audio-visual and digital audio services by a provider of mobile telecommunications service is sourced in the same manner as mobile telecommunications services pursuant to section 2556.

Sec. H-9. 36 MRSA §2559, as amended by PL 2015, c. 300, Pt. A, §35, is further amended to read:

§2559. Application of revenues.

Revenues derived by the tax imposed by this chapter must be credited to a General Fund suspense account. On or before the last day of each month, the State Controller shall transfer a percentage of the revenues received by the State Tax Assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs A to F and L and N to the Local Government Fund as provided by Title 30-A, section 5681, subsection 5. The balance remaining in the General Fund suspense account must be transferred to service provider tax General Fund revenue. On or before the 15th day of each month, the State Controller shall transfer all revenues received by the assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs G to J and M to the Medical Care Services Other Special Revenue Funds account, the Other Special Revenue Funds Mental Health Services – Community

Medicaid Program, the Medicaid Services – Adult Developmental Services program and the Office of Substance Abuse – Medicaid Seed program within the Department of Health and Human Services.

Sec. H-10. Application date. This Part applies to sales occurring on or after October 1, 2021.

**PART H
SUMMARY**

This Part updates, clarifies and simplifies the service provider tax law regarding consumer purchases of digital media by equalizing the tax treatment between the various modes of purchase for sales occurring on or after October 1, 2021.

PART R

In: ¹¹~~10~~-0

Sec. R-1. Tax expenditures. In accordance with the Maine Revised Statutes, Title 5, section 1666 and to the extent not otherwise provided in this Act, funding is continued for each individual tax expenditure, as defined in Title 5, section 1666, reported in the budget document submitted to the Legislature by the Governor on January 8, 2021 in the first regular legislative session.

**PART R
SUMMARY**

This Part continues authorization for each individual tax expenditure provided by statute.

PART F

In: 9-3

Sec. F-1. 5 MRSA §1518-A, as amended by PL 2019, c. 448, §1, is repealed

Sec. F-2. 5 MRSA §1536, sub-§1, as amended by PL 2019, c. 448, §2 and §3, is further amended to read:

1. Final priority reserves. After the transfers to the State Contingent Account pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section 1511, the transfers pursuant to section 1522, a transfer of \$2,500,000 for the Reserve for General Fund Operating Capital and the transfers to the Retiree Health Insurance Internal Service Fund pursuant to section 1519, the State Controller shall transfer at the close of each fiscal year from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made as follows:

A. ~~Eighty~~ Ninety percent to the stabilization fund; and

26

- B.
- C.
- D.
- E.

F. ~~Twenty percent to the Property Tax Relief Fund for Maine Residents established in section 1518-A.~~

G. Ten percent to the Capital Construction and Improvements Reserve Fund established in section 1516-A.

Sec. F-3. Transfer to General Fund unappropriated surplus; Property Tax Relief Fund for Maine Residents. Notwithstanding any other provisions of law, the State Controller shall transfer \$300,000 from the Property Tax Relief Fund for Maine Residents account in the Department of Administrative and Financial Services to General Fund unappropriated surplus no later than June 30, 2022.

PART F
SUMMARY

This Part repeals the Property Tax Relief Fund for Maine Residents, amends the year end transfers and transfers the remaining balance of the Property Tax Relief Fund for Maine Residents to the General Fund unappropriated surplus.

PART G

Out: 12-0

Sec. G-1. 30-A MRSA §5681, sub-§5, as amended by PL 2019, c. 343, Part H §1 is further amended to read:

5. Transfers to funds. No later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F and L, and credited to the General Fund without any reduction, except that for fiscal years 2015-16, 2016-17, 2017-18 and 2018-19 the amount transferred is 2%, except that for fiscal year 2019-20, the amount transferred is 3% and except that for fiscal years 2020-21, 2021-22, and 2022-23 the amount transferred is 3.75% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F and L, and credited to the General Fund without any reduction, and except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. A percentage share of the amounts transferred to the Local Government Fund each month must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows:

- C. For months beginning on or after July 1, 2009 but before July 1, 2010, 15%;
- D. For months beginning on or after July 1, 2010 but before July 1, 2011, 16%;
- E. For months beginning on or after July 1, 2011 but before July 1, 2012, 17%;
- F. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%;
- G. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and
- H. For months beginning on or after July 1, 2014, 20%.

**PART G
SUMMARY**

This Part sets the transfer to the Local Government Fund at 3.75% in fiscal years 2022 and 2023.