corrected version
Submitted by
Sen. Brakey
2/27/17

LD 311:
"An Act To Eliminate Corporate Welfare and Provide Tax Relief"

Sponsored by Senator Eric Brakey

This legislation proposes to repeal all of the listed tax expenditures (see following pages) from the Maine tax code and allocate the savings to rate reductions for the Maine state income tax and the Maine state corporate tax.

Based on the 2016-17 biennial budget, this would create an estimated biennial savings between $425.6 million and $448.1 million.

Primary savings would be allocated to reduce and eliminate the Maine State Corporate Tax (estimated $370 million biannually). All remaining savings would be allocated to reduct the Maine State Income Tax (estimated between $55.6 million and $78.1 million).

Code	FY '16 (Low)	FY '16 (High)	FY '17 (Low)	FY '17 (High)	Biennium (Low)	Biennium (High)
1.001	$31,771,938	$31,771,938	$36,948,340	$36,948,340	$68,720,278	$68,720,278
1.002	$35,000,000	$35,000,000	$32,000,000	$32,000,000	$67,000,000	$67,000,000
1.005	$0	$49,999	$0	$49,999	$0	$99,998
1.008	$42,000	$42,000	$42,000	$42,000	$84,000	$84,000
1.011	$0	$49,999	$0	$49,999	$0	$99,998
1.017	$190,000	$190,000	$190,000	$190,000	$380,000	$380,000
1.019	$0	$500,000	$0	$500,000	$0	$1,000,000
1.020	$1,824,000	$1,824,000	$2,679,000	$2,679,000	$4,503,000	$4,503,000
1.022	$0	$49,999	$0	$49,999	$0	$99,998
1.024	$0	$49,999	$0	$49,999	$0	$99,998
1.029	$475,000	$475,000	$498,000	$498,000	$973,000	$973,000
1.030	$1,132,000	$1,132,000	$1,057,000	$1,057,000	$2,189,000	$2,189,000
1.031	$912,000	$912,000	$912,000	$912,000	$1,824,000	$1,824,000
1.034	$13,062,000	$13,062,000	$13,172,000	$13,172,000	$26,234,000	$26,234,000
1.036	$2,109,000	$2,109,000	$2,223,000	$2,223,000	$4,332,000	$4,332,000
1.037	$0	$49,999	$0	$49,999	$0	$99,998
1.038	$247,000	$247,000	$256,000	$256,000	$503,000	$503,000
1.040	$9,205,000	$9,205,000	$13,509,000	$13,509,000	$22,714,000	$22,714,000
1.041	$310,000	$310,000	$319,000	$319,000	$629,000	$629,000
1.043	$0	$4,000,000	$0	$4,000,000	$0	$8,000,000
1.046	$14,011,000	$14,011,000	$14,671,000	$14,671,000	$28,682,000	$28,682,000
1.047	$2,850,000	$2,850,000	$2,850,000	$2,850,000	$5,700,000	$5,700,000
2.003	$250,000	$250,000	$999,999	$999,999	$1,249,999	$1,249,999
2.016	$0	$49,999	$0	$49,999	$0	$99,998
2.019	$27,836,160	$27,836,160	$28,392,883	$28,392,883	$56,229,043	$56,229,043
2.022	$12,264,500	$12,264,500	$12,720,500	$12,720,500	$24,985,000	$24,985,000
2.034	$915,197	$933,500	$915,197	$933,500	$1,830,394	$1,867,000
2.036	$250,000	$999,999	$250,000	$999,999	$500,000	$1,999,998
2.039	$250,000	$999,999	$250,000	$999,999	$500,000	$1,999,998
2.040	$250,000	$999,999	$250,000	$999,999	$500,000	$1,999,998
2.041	$49,077,000	$49,077,000	$51,604,000	$51,604,000	$100,681,000	$100,681,000
2.042	$50,000	$249,999	$50,000	$249,999	$100,000	$499,998
2.046	$0	$49,999	$0	$49,999	$0	$99,998
2.049	$1,000,000	$2,999,999	$1,000,000	$2,999,999	$2,000,000	$5,999,998
2.059	$375,584	$375,584	$383,096	$383,096	$758,680	$758,680
2.076	$0	$49,999	$0	$49,999	$0	$99,998
2.078	$50,000	$249,999	$50,000	$249,999	$100,000	$499,998
2.080	$150,100	$150,100	$151,050	$151,050	$301,150	$301,150
2.083	$0	$49,999	$0	$49,999	$0	$99,998
2.085	$0	$49,999	$0	$49,999	$0	$99,998
2.088	$0	$49,999	$0	$49,999	$0	$99,998
2.090	$250,000	$999,999	$250,000	$999,999	$500,000	$1,999,998
2.091	$250,000	$999,999	$250,000	$999,999	$500,000	$1,999,998
2.094	$83,674	$83,674	$86,184	$86,184	$169,858	$169,858

Code	FY '16 (Low)	FY '16 (High)	FY '17 (Low)	FY '17 (High)	Biennium (Low)	Biennium (High)
2.097	$31,154	$31,154	$32,557	$32,557	$63,711	$63,711
2.105	$0	$49,999	$0	$49,999	$0	$99,998
2.106	$82,650	$82,650	$85,500	$85,500	$168,150	$168,150
Total Savings:	**$206,556,957**	**$217,825,240**	**$219,047,306**	**$230,315,589**	**$425,604,263**	**$448,140,829**

INCOME TAX (Personal and Corporation) and PROPERTY TAX REIMBUREMENTS

1.001 Reimbursement for business equipment tax exemption to municipalities.

36 M.R.S.A. § 691

Under this provision, qualified business equipment first subject to property tax assessment on or after April 1, 2008 will be exempt from property taxes. The state is required to reimburse municipalities for property revenue loss according to the following schedule: 100% in 2008, 90% in 2009, 80% in 2010, 70% in 2011, 60% in 2012, and for years beginning 2013 and for subsequent years, 50%. Alternate reimbursement may be chosen by municipalities with business property exceeding 5% of total taxable value. The alternate reimbursement percentage equals 50% of the property tax revenue loss plus one half of the percentage that business personal property represents of the total taxable value plus exempt business personal property value in the municipality. There is also additional reimbursement provided for municipalities with respect to revenues related to tax increment financing revenues used by municipalities on their own qualifying tax increment financing projects.

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $31,771,938
FY '17 $36,948,340

Methods used to calculate the revenue loss

Estimates based on the Revenue Forecasting Committee report.

Number of tax payers affected

4,719 exemptions in 2013

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

36 M.R.S.A. Chapter 915

A business against which property taxes have been assessed with respect to eligible property (generally qualified business property first placed in service in Maine, or constituting construction in progress commenced in Maine, after April 1, 1995 and before April 2, 2007 (with the exception of certain retail property newly placed in service after that date that remains eligible for BETR reimbursement)) and who has paid those taxes is entitled to reimbursement of those taxes from the State. The reimbursement is 100% of the taxes assessed and paid with respect to eligible property for the first 12 years the property tax was paid. The reimbursement is 75% in Year 13 and is annually reduced until reimbursement reaches 50% in Year 17. All reimbursements are reduced 10% for the application period beginning in August 2013 and 20% for the application period beginning in August 2014. Property placed in service after April 1, 2007 is generally qualified for the business equipment tax exemption under 36 M.R.S.A. §§ 6651 & 6652. See item 1.001 on the previous page.

Reason(s) for exemption

Provides an incentive for business investment and subsequent economic development.

Estimated General Fund revenue loss

FY '16 $35,000,000
FY '17 $32,000,000

Methods used to calculate the revenue loss

Estimates based on the Revenue Forecasting Committee report.

Number of taxpayers affected

1,545 businesses requested reimbursement for 2012 property taxes.

1.005 Deduction for contributions to capital construction funds.

36 M.R.S.A. § 5122-(2)(I)

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $0 - $49,999
FY '17 $0 - $49,999

Methods used to calculate the revenue loss

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

Number of taxpayers affected

Fewer than 1,000 taxpayers affected.

1.008 Deduction for interest and dividends on Maine state and local securities by individuals.

36 M.R.S.A. § 5122(2)(N)

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $42,000
FY '17 $42,000

Methods used to calculate the revenue loss

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

Number of taxpayers affected

400-500 taxpayers

1.011 Deduction for dentists with military pensions.

36 M.R.S.A. § 5122-(2)(BB)

For tax years beginning on or after January 1, 2008, certain licensed dentists may reduce Maine taxable income by the amount of military retirement benefits not included in the pension income deduction allowed by 36 M.R.S.A. § 5122(2)(M) or § 5122(2)(M-1). Dentists may claim this deduction only if they practice an average of 20 hours or more per week in Maine during the tax year and accept patients who receive MaineCare benefits.

Reason(s) for exemption

Provides an incentive for certain retired dentists to reestablish their dental practice.

Estimated General Fund revenue loss

FY '16 $0 - $49,999
FY '17 $0 - $49,999

Methods used to calculate the revenue loss

Estimates based on the fiscal analysis provided to the Legislature.

Number of taxpayers affected

Fewer than 50 taxpayers affected.

1.017 Deduction for interest and dividends on U.S., Maine state and local securities.

36 M.R.S.A. §§ 5200-A-(2)(K) and 5200-A(2)(A)

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $190,000
FY '17 $190,000

Methods used to calculate the revenue loss

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

Number of taxpayers affected

100-150 taxpayers

1.019 Jobs and investment tax credit.

36 M.R.S.A. § 5215

An employer is allowed an income tax credit equal to a former qualified federal credit. The credit is available for taxable years beginning on or after January 1, 1979, except that a credit may be taken with respect to used property, and may not be allowed with respect to certain retail property. The tax credit for any taxable year is applicable only to those taxpayers with property considered to be a qualified investment of at least $5,000,000 for the taxable year with a situs in Maine and placed into service by the taxpayer on or after January 1, 1979. The taxpayer's tax records and reports must substantiate that at least 100 new jobs attributable to a qualified investment were created in the 24-month period following the date the property was placed in service. The amount of the credit allowed for any taxable year is limited to $500,000 or the amount of the tax, whichever is less. Unused credits may be carried over to future years, but the carryforward period must not exceed 6 years.

Reason(s) for exemption

Provides an incentive to businesses to make substantial capital investments in the state.

Estimated General Fund revenue loss

FY '16 $0 - $500,000
FY '17 $0 - $500,000

Methods used to calculate the revenue loss

Estimate is based on information from the Maine Revenue Services data warehouse. The credit has not been claimed in recent years and there is a significant possibility that this trend will continue. When the credit has been claimed in the past, it has usually claimed up to the $500,000 maximum per year.

Number of taxpayers affected

Fewer than 5 taxpayers affected.

1.020 Seed capital investment tax credit.

36 M.R.S.A. § 5216-B

The credit is available for investment in new or recent business ventures. For investments prior to 2012, FAME issued a certificate to investors for up to 40% of the cash equity they provide to eligible Maine businesses, or 60% for investments in businesses located in high-unemployment areas. For investments in 2012 and 2013, the credit rate was 50% for venture capital funds and 60% for all other investors. For investments made in 2014 and later, the credit rate is 50% for all investors.

Tax credit certificates are subject to an annual cap of $675,000 in 2014, $4,000,000 in 2015, and $5,000,000 for each calendar year after 2015.

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

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

Reason(s) for exemption

Provides an incentive for investment in small businesses in Maine.

Estimated General Fund revenue loss

FY '16 $1,824,000
FY '17 $2,679,000

Methods used to calculate the revenue loss

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

Number of taxpayers affected

200-300 taxpayers

1.022 Credit for employer-assisted day care.

36 M.R.S.A. § 5217

An employer is allowed a credit against costs incurred for day care services provided to employees. The credit is equal to the lowest of: (1) $5,000, (2) 20% of the cost of the day care services provided, or (3) $100 for each child of an employee of the taxpayer enrolled in the day care service. The credit doubles in amount if the day care service is considered quality child care service.

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

Reason(s) for exemption

Designed to help reduce employee absenteeism and unproductive work time. It provides an incentive for employers to become more involved in the provision of day care for their employees.

Estimated General Fund revenue loss

FY '16 $0 - $49,999
FY '17 $0 - $49,999

Methods used to calculate the revenue loss

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

Number of taxpayers affected

Fewer than 30 taxpayers affected.

1.024 Credit for employer-provided long-term care benefits.

36 M.R.S.A. § 5217-C

An employer is allowed a credit for long-term care benefits provided to employees. The credit is equal to the lowest of: (1) $5,000, (2) 20% of the cost of the long-term care insurance, or (3) $100 for each employee covered by the employer-provided long-term care insurance program. The credit may not exceed the tax otherwise due. Unused credits may be carried forward up to 15 years.

Reason(s) for exemption

Provides an incentive to employers to provide their employees with long-term care benefits.

Estimated General Fund revenue loss

FY '16 $0 – $49,999
FY '17 $0 – $49,999

Methods used to calculate the revenue loss

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

Number of taxpayers affected

Fewer than 5 taxpayers affected.

1.029 Research expense tax credit.

36 M.R.S.A. § 5219-K

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $475,000
FY '17 $498,000

Methods used to calculate the revenue loss

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

Number of taxpayers affected

Approximately 50 taxpayers affected.

1.030 Super credit for substantially increased research & development.

36 M.R.S.A. § 5219-L

This credit is based on research expenses incurred prior to 2014; except for the carry forward of unused credit amounts, the credit is repealed for tax years beginning after 2013. The credit was available to taxpayers that qualify for the Research Expense Tax Credit (see 36 M.R.S.A. § 5219-K) and whose qualified research expenses (as defined by IRC § 41 as of December 31, 1994) exceeded the super credit base amount. The super credit base amount was the average research expense for the three taxable years immediately preceding June 12, 1997, increased by 50%. The credit applied only to the amount spent on research conducted in Maine. The credit was equal to the excess qualified research expenses over the super credit base amount. Beginning in 2014, the credit (limited to carry forward amounts only) is limited to the lesser of 25% of the tax due after all other credits and the previous year's tax liability after the application of other credits. Any unused credit amount may be carried over for 10 years. Special rules apply to corporations filing a Maine combined return.

Reason(s) for exemption

Provided an incentive for businesses to substantially increase investment in research and development in Maine.

Estimated General Fund revenue loss

FY '16 $1,132,000
FY '17 $1,057,000

Methods used to calculate the revenue loss

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

Number of taxpayers affected

Approximately 50 individual taxpayers and fewer than 5 corporations affected.

1.031 High-technology investment tax credit.

36 M.R.S.A. § 5219-M

This credit is available to taxpayers engaged in high-technology activity that purchase and use eligible equipment or that lease eligible equipment from a lessor. High-technology activity includes the design, creation and production of computer software, computer equipment, supporting communications components and other accessories that are directly associated with computer software and equipment. It also includes the provision of internet access services and advanced telecommunications services. Eligible equipment includes computer equipment, electronic components and accessories, communication equipment and computer software placed into service in Maine. Eligible equipment must be used in a high-technology activity. Eligible equipment used in wire line telecommunications must be capable of transmitting data at 200 kilobits or more per second in at least one direction. Eligible equipment used in wireless telecommunications must be capable of transmitting data at 42 kilobits or more per second in at least one direction. Generally the credit is equal to the investment credit base of eligible equipment that was placed into service in Maine during the tax year. The investment credit base is the adjusted basis of the equipment on the date that the equipment was placed into service in Maine for the first time.

The credit (including carry forward amounts) is limited to the tax liability of the taxpayer and may not reduce the tax liability of the current year to less than the tax liability of the previous year after all other credits except the High-technology credit. In addition, the credit may not be used to reduce the tax liability of the taxpayer by more than $100,000 after the allowance of all other credits except the Family Development Account Reserve Fund Credit (36 M.R.S.A. § 5216-C) and the Super Research Credit (36 M.R.S.A. § 5219-L). Generally, unused credit amounts may be carried forward for up to 5 taxable years; however, certain unused credits may be carried forward for up to 10 years.

Reason(s) for exemption

Provides an incentive for businesses to invest in equipment that is used in high-technology business activity.

Estimated General Fund revenue loss

FY '16 $912,000
FY '17 $912,000

Methods used to calculate the revenue loss

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

Number of taxpayers affected

Approximately 60 taxpayers affected.

1.034 Credit for rehabilitation of historic properties.
36 M.R.S.A. §§ 5219-R & 5219-BB

This credit, originally available in 2000, was expanded in 2008. The credit is equal to 25% of qualified expenditures either for which a federal credit is claimed under the Code § 47 or for which a federal credit is not claimed, but qualified expenditures are between $50,000 and $250,000. The credit must exclude expenditures incurred after 2023. Certain affordable housing projects may qualify for a 30% credit (31% for tax years beginning after 2013). The credit must be taken in 25% increments over four years. Prior to 2014 the credit was limited to $5 million for each project. For tax years beginning after 2013, the credit is limited to $5 million for each portion of the certified rehabilitation or for each building that is a component part of a certified historic structure for which a credit is claimed.

A taxpayer that is entitled to a credit under § 47 of the Code for building number 2 located in the Lockwood Mill Historic District is allowed a refundable credit in lieu of the credit described above. The credit is equal to the federal credit determined under the Code, § 47. This refundable credit applies to tax years beginning on or after January 1, 2008 but before January 1, 2014. The annual credit may not exceed $1,000,000 per year.

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $13,062,000
FY '17 $13,172,000

Methods used to calculate the revenue loss

Estimate is based on data from the Maine Revenue Services data warehouse and data provided by the Maine Historic Preservation Commission. The effect of the changes to the credit limitation are highly uncertain and future credits could potentially be significantly larger than anticipated.

Number of taxpayers affected

Approximately 125 individual and corporate taxpayers are affected.

1.036 Pine Tree Development Zone tax credit.

36 M.R.S.A. § 5219-W

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

Reason(s) for exemption

Provides an incentive for economic development in Maine.

Estimated General Fund revenue loss

FY '16 $2,109,000
FY '17 $2,223,000

Methods used to calculate the revenue loss

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

Number of tax payers affected

Approximately 15 corporate taxpayers and 120 individual taxpayers

1.037 Biofuel commercial production and commercial use.

36 M.R.S.A. § 5219-X

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

Reason(s) for exemption

Provides an incentive for the production of biofuels in the state.

Estimated General Fund revenue loss

FY '16 $0 - $49,999
FY '17 $0 - $49,999

Methods used to calculate the revenue loss

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

Number of tax payers affected

Fewer than 5 taxpayers affected.

1.038 Tax benefits for media production companies.

36 M.R.S.A. § 5219-Y, c. 919-A

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

Reason(s) for exemption

Provides an incentive for media production activity in the State.

Estimated General Fund revenue loss

FY '16 $247,000
FY '17 $256,000

Methods used to calculate the revenue loss

Estimate is based on fiscal analysis provided to the Legislature and the program applicants that have participated to date.

Number of tax payers affected

Approximately 10 taxpayers affected.

1.040 New Markets Capital Investment Credit.

36 M.R.S.A. § 5219-HH

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

Reason(s) for exemption

Encourage new investment in economically distressed areas of the State.

Estimated General Fund revenue loss

FY '16 $9,205,000
FY '17 $13,509,000

Methods used to calculate the revenue loss

Estimate is based on information provided by the Finance Authority of Maine.

Number of tax payers affected

No estimate available

1.041 Credit for Wellness Programs.

36 M.R.S.A. § 5219-FF

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

A wellness program is defined as a program instituted by an employing unit that improves employee health, morale and productivity, including, without limitation:
(1) Health education programs;
(2) Behavioral change programs, such as counseling or seminars or classes on nutrition, stress management or smoking cessation; and
(3) Incentive awards to employees who engage in regular physical activity.

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

Reason(s) for exemption

Encourage small employers to establish wellness programs.

Estimated General Fund revenue loss

FY '16 $310,000
FY '17 $319,000

Methods used to calculate the revenue loss

Estimate is based on fiscal analysis provided to the Legislature.

Number of tax payers affected

No estimate available

1.043 Innovation finance credit.

36 M.R.S.A. § 5219-EE

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

Reason(s) for exemption

Encourages MainePERS to invest in innovative businesses.

Estimated General Fund revenue loss

FY '16 $0 - $4,000,000
FY '17 $0 - $4,000,000

Methods used to calculate the revenue loss

Estimate is based on fiscal analysis provided to the Legislature. This credit has never been utilized.

Number of taxpayers affected

Number of taxpayers affected is not available.

1.046 Employment tax increment financing.

36 M.R.S.A. Chapter 917 and 5 M.R.S.A. §13083 and §13083-S-1

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

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

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

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

For qualified Pine Tree Development Zone employees, employed directly in the qualified business activity of a qualified Pine Tree Development Zone business, for whom a certificate has been issued, the reimbursement is equal to 80% of Maine income tax withheld each year for which reimbursement is requested and attributed to those qualified employees for a period of no more than 10 years for tier 1 locations and no more than 5 years for tier 2 locations. Reimbursement under this paragraph may not be paid for years beginning after December 31, 2028.

Special job increment financing programs exist for businesses located at Loring Air Force Base and the Brunswick Naval Air Station.

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY '16 $14,011,000
FY '17 $14,671,000

Methods used to calculate the revenue loss

Estimate is based on claims through calendar year 2013.

Number of taxpayers affected

Approximately 160 taxpayers affected.

1.047 Shipbuilding facility credit.

36 M.R.S.A., § Chapter 919

This credit against the Maine income tax withholding liability is available to shipbuilders that meet the following criteria: (1) own, operate or propose to construct a shipbuilding facility within Maine, (2) propose to make a qualified investment certified by the Commissioner of Economic and Community Development, (3) employ at least 6,500 qualified employees at the time the application is filed and (4) does not otherwise qualify for the Maine Employment Tax Increment Financing Program at the time the application is filed.

In addition, the claimant's workforce must (1) be certified or qualified full-time employees whose income is taxable by the state; (2) have access to a retirement program also available to qualified employees; (3) individually have income, calculated on a calendar year basis that is greater than the average per capita income in the state. The credit is equal to the withholding liability up to $3,500,000, for each calendar year, but limited to the withholding liability relative to wages of qualified employees on or after July 1st of each calendar year.

Reason(s) for exemption

Encourages major investment in shipbuilding projects in Maine.

Estimated General Fund revenue loss

FY '16 $2,850,000
FY '17 $2,850,000

Methods used to calculate the revenue loss

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

Number of tax payers affected

Fewer than 5 taxpayers affected.

2.003 Ships' stores.

36 M.R.S.A. § 1760.4.

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $250,000 – 999,999
FY'17 $250,000 – 999,999

Method used to calculate the revenue loss

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

2.016 Fuels for burning blueberry lands.

36 M.R.S.A. § 1760.9-A.

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

Reason(s) for exemption

Provide support for the blueberry industry.

Estimated General Fund revenue loss

FY'16 $0 – 49,999
FY'17 $0 – 49,999

Method used to calculate the revenue loss

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

2.019 Fuel and electricity used at a manufacturing facility.

36 M.R.S.A. § 1760.9-D.

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

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $27,836,160
FY'17 $28,392,883

Method used to calculate the revenue loss

Data is collected from sales and use tax returns.

2.022 Packaging materials.
36 M.R.S.A. § 1760.12-A.

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

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

Reason(s) for exemption

Subsidize the purchase of packaging materials by businesses.

Estimated General Fund revenue loss

FY'16 $12,264,500
FY'17 $12,720,500

Method used to calculate the revenue loss

Sales tax micro-simulation model.

2.034 Certain vehicles purchased or leased by qualifying resident businesses.

36 M.R.S.A. § 1760.23-D.

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $915,197
FY'17 $933,500

Method used to calculate the revenue loss

Review of audit activity.

2.036 Watercraft purchased by nonresidents.

36 M.R.S.A. § 1760.25.

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

A. The following are exempt when the sale is made in this State to a person that is not a resident of this State and the watercraft is sailed or transported outside the State within 30 days of delivery by the seller:
   1. A watercraft;
   2. Sales, under contract for the construction of a watercraft, or materials to be incorporated in that watercraft; and
   3. Sales of materials to be incorporated in the watercraft for the repair, alteration, refitting, reconstruction, overhaul or restoration of that watercraft.

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

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

<u>Reason(s) for exemption</u>

Economic development.

<u>Estimated General Fund revenue loss</u>

FY'16 $250,000 - 999,999
FY'17 $250,000 - 999,999

<u>Method used to calculate the revenue loss</u>

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

2.039 Water pollution control facilities.

36 M.R.S.A. § 1760.29.

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

Reason(s) for exemption

Subsidize the installation of pollution control facilities.

Estimated General Fund revenue loss

FY'16 $250,000 – 999,999
FY'17 $250,000 – 999,999

Method used to calculate the revenue loss

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

2.040 Air pollution control facilities.

36 M.R.S.A. § 1760.30.

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

Reason(s) for exemption

Subsidize the installation of pollution control facilities.

Estimated General Fund revenue loss

FY'16 $250,000 – 999,999
FY'17 $250,000 – 999,999

Method used to calculate the revenue loss

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

2.041 Machinery and equipment.

36 M.R.S.A. § 1760.31.

Sales of machinery and equipment:

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $49,077,000
FY'17 $51,604,000

Method used to calculate the revenue loss

Sales tax micro-simulation model.

2.042 Machinery and equipment for research.

36 M.R.S.A. § 1760.32.

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $50,000 - 249,999
FY'17 $50,000 - 249,999

Method used to calculate the revenue loss

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

2.046 Regional planning commissions and councils of government.

36 M.R.S.A. § 1760.37 and 2557.7.

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

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $0 - 49,999
FY'17 $0 - 49,999

Method used to calculate the revenue loss

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

2.049 Certain instrumentalities of interstate or foreign commerce.

36 M.R.S.A. § 1760.41.

The sale of a vehicle, railroad rolling stock, aircraft (From July 1, 2011 to June 30, 2033 all sales of aircraft are exempt) or watercraft that is placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after that sale and that is used by the purchaser not less than 80% of the time for the next 2 years as an instrumentality of interstate or foreign commerce. The State Tax Assessor may for good cause extend for not more than 60 days the time for placing the instrumentality in use in interstate or foreign commerce. For purposes of this subsection, property is "placed in use as an instrumentality of interstate or foreign commerce" by its carrying of, or providing the motive power for the carrying of, a bona fide payload in interstate or foreign commerce, or by being dispatched to a specific location at which it will be loaded upon arrival with, or will be used as motive power for the carrying of, a payload in interstate or foreign commerce. For purposes of this subsection, "bona fide payload" means a cargo of persons or property transported by a contract or common carrier for compensation that exceeds the direct cost of carrying that cargo or pursuant to a legal obligation to provide service as a public utility or a cargo of property transported in the reasonable conduct of the purchaser's own non-transportation business in interstate commerce. A bus with a capacity of at least 47 passengers that is contracted to transport passengers of a cruise ship that originated and will terminate outside of Maine qualifies as use in interstate or foreign commerce while transporting those passengers within Maine.

<u>Reason(s) for exemption</u>

Interstate commerce

<u>Estimated General Fund revenue loss</u>

FY'16 $1,000,000 – 2,999,999
FY'17 $1,000,000 – 2,999,999

<u>Method used to calculate the revenue loss</u>

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

2.059 Railroad track materials.

36 M.R.S.A. § 1760.52.

Railroad track materials purchased and installed on railroad lines located within the boundaries of the State are exempt from tax. The track materials shall include rail, ties, ballast, joint bars and associated materials, such as bolts, nuts, tie plates, spikes, culverts, steel, concrete or stone, switch stands, switch points, frogs, switch ties, bridge ties and bridge steel.

In order for a taxpayer to qualify for an exemption under this subsection, the taxpayer may not require any landowner to pay any fee or charge for maintenance or repair or to assume liability for crossings or rights-of-way if the landowner was not required to do so prior to July 1, 1981, and the taxpayer must continue to maintain crossings and rights-of-way which it was required to maintain on that date and may not remove the crossings if there is any objection to their being removed.

Reason(s) for exemption

Subsidizes the purchase of track materials.

Estimated General Fund revenue loss

FY'16 $375,584
FY'17 $383,096

Method used to calculate the revenue loss

Estimated based on information from sales tax returns and the sales tax micro-simulation model.

2.076 State-chartered credit unions.

36 M.R.S.A. § 1760.71 and 2557.26.

Sales to credit unions that are organized under the laws of this State are exempt from tax. This subsection shall remain in effect only for the time that federally chartered credit unions are, by reason of federal law, exempt from payment of state sales tax.

Reason(s) for exemption

Provide state charted credit unions with the same sales tax exemption that federally chartered credit union have by federal law.

Estimated General Fund revenue loss

FY'16 $0 - 49,999
FY'17 $0 - 49,999

Method used to calculate the revenue loss

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

Number of exempt organizations on file

State charted credit unions - 14
Federal charted credit unions exempt by Federal law - 96

2.078 Seedlings for commercial forestry use.

36 M.R.S.A. § 1760.73.

Sales of tree seedlings for use in commercial forestry are exempt from tax.

Reason(s) for exemption

Subsidize the purchase of tree seedlings to be used in commercial forestry.

Estimated General Fund revenue loss

FY'16 $50,000 – 249,999
FY'17 $50,000 – 249,999

Method used to calculate the revenue loss

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

2.080 Certain meals and lodging.

36 M.R.S.A. § 1760.75.

Meals or lodging provided to employees at their place of employment when the value of those meals or that lodging is allowed as a credit toward the wages of those employees are exempt from tax.

Reason(s) for exemption

The value of the meals or lodging is allowed as a credit toward the wages of the employees.

Estimated General Fund revenue loss

FY'16 $150,100
FY'17 $151,050

Method used to calculate the revenue loss

Sales tax micro-simulation model and sales tax statistics.

2.083 Farm animal bedding and hay.

36 M.R.S.A. § 1760.78.

Sales of organic bedding materials for farm animals and hay are exempt from tax.

Reason(s) for exemption

Provide support to farmers by subsidizing the purchase of these items.

Estimated General Fund revenue loss

FY'16 $0 – 49,999
FY'17 $0 – 49,999

Method used to calculate the revenue loss

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

2.085 Animal waste storage facility.

36 M.R.S.A. § 1760.81.

Any materials for the construction, repair or maintenance of an animal waste storage facility are exempt from tax. For the purposes of this section, "animal waste storage facility" means a structure or pit constructed and used solely for storing manure, animal bedding waste or other wastes generated by animal production. For a facility to be eligible for this exemption, the Commissioner of Agriculture, Conservation and Forestry must certify that a nutrient management plan has been prepared in accordance with Title 7, section 4204 for the farm utilizing that animal waste storage facility.

Reason(s) for exemption

Subsidize the construction of these facilities through an exemption from the sales tax.

Estimated General Fund revenue loss

FY'16 $0 – 49,999
FY'17 $0 – 49,999

Method used to calculate the revenue loss

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

2.088 Centers for innovation.

36 M.R.S.A. § 1760.84 and 2557.29.

Sales to centers for innovation as described in Title 5, section 13141 are exempt from tax.

Reason(s) for exemption

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

Estimated General Fund revenue loss

FY'16 $0 – 49,999
FY'17 $0 – 49,999

Method used to calculate the revenue loss

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

Number of exempt organizations on file

2

2.090 Pine Tree Development Zone businesses; reimbursement of certain taxes.

36 M.R.S.A. § 2016

A reimbursement of sales and use tax is allowed with respect to the sale or use of tangible personal property that is to be physically incorporated in and becomes a permanent part of real property that is owned by or sold to a qualified Pine Tree Development Zone business and is used directly and primarily by that business in one or more qualified business activities.

Reason(s) for exemption

Encourage economic development in certain regions of the State.

Estimated General Fund revenue loss

FY'16 $250,000 – 999,999
FY'17 $250,000 – 999,999

Method used to calculate the revenue loss

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

2.091 Sales of tangible personal property to qualified development zone businesses.

36 M.R.S.A. § 1760.87.

Beginning July 1, 2005, sales of tangible personal property to a qualified Pine Tree Development Zone business, as defined in Title 30-A, section 5250-I, subsection 17, for use directly and primarily in one or more qualified business activities, as defined in Title 30-A, section 5250-I, subsection 16. The exemption provided by this subsection is limited for each qualified Pine Tree Development Zone business to sales occurring within a period of 10 years in the case of a business located in a tier 1 location, as defined in Title 30-A, section 5250-I, subsection 21-A, and 5 years in the case of a business located in a tier 2 location, as defined in Title 30-A, section 5250-I, subsection 21-B, from the date the business is certified pursuant to Title 30-A, section 5250-O or until December 31, 2028, whichever occurs first.

Reason(s) for exemption

Encourage economic development in certain regions of the State.

Estimated General Fund revenue loss

FY'16 $250,000 – 999,999
FY'17 $250,000 – 999,999

Method used to calculate the revenue loss

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

Number of exemptions on file

245

2.094 Sales of qualified snowmobile trail grooming equipment.

36 M.R.S.A. § 1760.90.

Sales to incorporated nonprofit snowmobile clubs of snowmobiles and snowmobile trail grooming equipment used directly and exclusively for the grooming of snowmobile trails is exempt from sales and use tax.

Reason(s) for exemption

Subsidize the repair and maintenance of snowmobile trails.

Estimated General Fund revenue loss

FY'16 $83,674
FY'17 $86,184

Method used to calculate the revenue loss

Estimate of the number of entities that could use the exemption and their purchases of tangible personal property that would be exempt.

2.097 Plastic bags sold to redemption centers.

36 M.R.S.A. § 1760.93.

Sales to a local licensed redemption center of plastic bags used by the redemption center to sort, store or transport returnable beverage containers are exempt from the sales and use tax.

Reason(s) for exemption

Provide funding to redemption centers through an exemption from the sales and use tax.

The Estimated General Fund revenue loss

FY'16 $31,154
FY'17 $32,557

Method used to calculate the revenue loss

The estimated revenue loss was based on audit information.

2.105 Fish passage facilities.
36 M.R.S.A. § 2014.

Taxes on the sale or use of materials used in the construction of fish passage facilities in new, reconstructed or redeveloped dams, when the fish passage facilities are built in accordance with plans and specifications approved by the Department of Inland Fisheries and Wildlife or the Department of Marine Resources are refundable.

Reason(s) for exemption

Provide an incentive for the installation of fish passage facilities.

Estimated General Fund revenue loss

FY'16 $0 - 49,999
FY'17 $0 - 49,999

Method used to calculate the revenue loss

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

2.106 Refund of sales tax on purchases of parts and supplies for windjammers.

36 M.R.S.A. § 2020.

Purchases of parts and supplies for use in the operation, repair or maintenance of a windjammer are exempt from the sales and use tax. The purchaser may receive a refund of tax paid or purchase parts and supplies tax exempt upon presentation of a certificate issued to the purchaser by the State Tax Assessor.

Reason(s) for exemption

Provide financial support to the businesses that sell cruises on windjammers.

Estimated General Fund revenue loss

FY'16 $82,650
FY'17 $85,500

Method used to calculate the revenue loss

Sales tax micro-simulation model.

Number of exemptions on file

10

SECTION II – SUMMARY OF MAJOR TAXES AND REVENUE SOURCES

This section contains summaries of the major tax and revenue sources. The summaries identify the tax base for each tax or the persons or entities required to pay each of the major license fees or assessments as of June 30, 2015. For those revenue sources that are not considered taxes, fees or assessments, a discussion or description of the major contributions are provided. The summaries also include a revenue history of these categories by fund. The amounts in these tables may not add due to rounding to the nearest $1. Most of these summaries also include a statutory history showing dates of adoption and the major amendments to the tax, fee or assessment.

INDIVIDUAL INCOME TAX – 36 M.R.S.A., Part 8

A tax is imposed for each taxable year on the Maine taxable income of every resident individual, estate and trust of Maine. Maine taxable income is based on federal adjusted gross income, with several Maine-specific adjustments. Nonresident individuals, estates and trusts are subject to tax on income derived within Maine. Tax rates are progressive at 0%, 6.5% and 7.95%. Table II-1 on page 6 provides a summary of 2015 individual income tax schedules, personal exemptions and standard deductions. The rate for nonresident individuals is determined based on taxable income from all sources and applied to Maine-sourced income to determine the tax. Tax rates for fiduciaries are the same as those for single individuals.

Withholding of Maine income tax from wages is required of every employer who maintains an office or transacts business in Maine and who makes payment of any wages subject to Maine income tax, whether or not the employee is a Maine resident. Every person who maintains an office or who transacts business in Maine and who makes payment of any other income which constitutes Maine taxable income is also required to withhold Maine income tax from such payments, if federal withholding is required.

Every partnership or S-corporation having a resident partner or shareholder or having Maine-derived income is required to file an information tax return. Limited liability companies are taxed as either partnerships or corporations, according to the treatment elected by the company for purposes of the federal income tax.

Individual Income Tax

Fiscal Year	General Fund	Other Special Revenue Funds	Total All Funds
2006	$1,364,368,543	$4,558,216	$1,368,926,759
2007	$1,464,928,346	$4,367,042	$1,469,295,388
2008	$1,558,032,961	$4,805,251	$1,562,838,211
2009	$1,365,437,729	$5,272,103	$1,370,709,832
2010	$1,298,036,055	$5,333,447	$1,303,369,502
2011	$1,415,283,534	$5,697,599	$1,420,981,133
2012	$1,434,217,189	$7,708,479	$1,441,925,668
2013	$1,521,862,756	$9,641,568	$1,531,504,325
2014	$1,406,117,705	$7,992,220	$1,414,109,925
2015	$1,521,778,409	$11,351,998	$1,533,130,407

Revenue Notes – Individual Income Tax – Individual income tax collections accrue to the General Fund. The amounts in Other Special Revenue Funds are revenue set aside for reimbursement to contractors/collection agencies under 36 M.R.S.A. §113, and also include reimbursements and/or assessments related to the Visual Media Production Reimbursement created by 36 M.R.S.A. c. 919-A §6901 *et seq.* Individual income tax revenue began year-end accruals of revenue in fiscal year 1996. The amounts presented above are the gross amounts, before the reductions for municipal revenue sharing and the transfers for tax relief programs described on pages 63 to 67.

Corporate Income Tax

Fiscal Year	General Fund	Total All Funds
2006	$188,015,558	$188,015,558
2007	$183,851,533	$183,851,533
2008	$184,514,568	$184,514,568
2009	$143,085,966	$143,085,966
2010	$175,292,433	$175,292,433
2011	$208,996,598	$208,996,598
2012	$232,117,995	$232,117,995
2013	$171,987,073	$171,987,073
2014	$182,928,181	$182,928,181
2015	$168,965,820	$168,965,820

Revenue Notes – Corporate Income Tax
Corporate income tax collections accrue to the General Fund. The amounts above also include revenue from the Franchise Tax on Financial Institutions (see next section). Corporate income tax revenue began year-end accruals of revenue in fiscal year 2000.

History – Corporate Income Tax
Adopted 1969. Originally effective January 1, 1969. Amended numerous times since enactment to alter the tax rates and other provisions. Amended by PL 2007, c. 240, Part V and PL 2009, c. 213, Part NN to change the apportionment formula. PL 2009, c. 571, Part GG adopted the Finnigan approach for the purpose of calculating the sales apportionment factor for C-corporations operating in Maine.

FRANCHISE TAX ON FINANCIAL INSTITUTIONS – 36 M.R.S.A. c. 819

The franchise tax on financial institutions is imposed annually in lieu of income tax on every financial institution doing business in Maine that had a substantial physical presence in Maine and which at any time during the taxable year realized Maine net income or had Maine assets. Financial institutions may elect to pay the franchise tax as follows: (1) 1% of Maine net income and 8¢ per $1,000 of Maine assets, or (2) 39¢ per $1,000 of Maine assets with no assessment based on Maine net income. Combined reporting is required for all financial institutions that are members of an affiliated group operating in a unitary fashion.

Revenue Notes – Franchise Tax on Financial Institutions
The franchise tax on financial institutions is collected as part of the corporate income tax filing process and accrues to the General Fund. Revenue from this tax is included under Corporate Income Tax. Separate detail is not available.

History – Franchise Tax on Financial Institutions
Adopted 1983. Originally enacted with the corporate income tax (P&SL 1969 c. 154). Financial institutions were taxed at the same rate as corporations until 1984 when the tax was changed to ½ of 1% of Maine net income and 4¢ per $1,000 of Maine assets. Tax was doubled in 1986. Amended in 1997 and 1998 to clarify definitions, application and apportionment. Amended in 2006 to provide option of tax based solely on Maine assets.

SALES AND USE TAXES – 36 M.R.S.A. cc. 211-225

Sales Tax – Maine sales tax is imposed at the following rates:

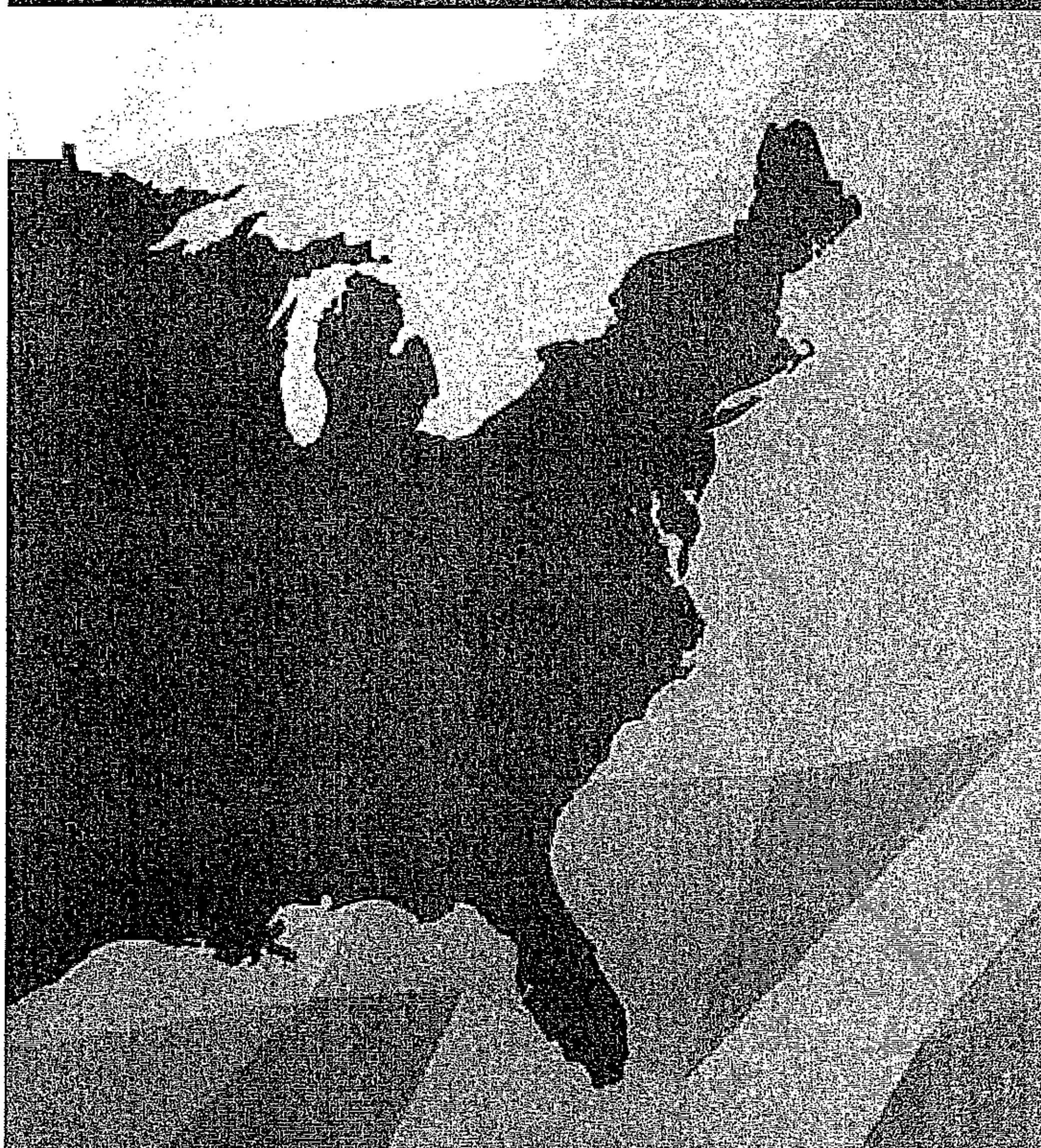
1) 5.5% of the retail sale price of tangible personal property and the taxable services of transmission and distribution of electricity, extended service contracts on an automobile, prepaid calling arrangements and long-term automobile rentals or leases;

Since 1937

TAX FOUNDATION

FACTS & FIGURES

HOW DOES YOUR STATE COMPARE?



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TAX FOUNDATION

In 1941, we introduced our first edition of *Facts & Figures*. "There is need for concise and accurate data," we wrote. "Facts give a broader perspective; facts dissipate predilections and prejudices. . . [and] this collection of data is an important step to meet the challenge presented by the broad problems of public finance."

Facts & Figures 2016: How Does Your State Compare? builds on these seven decades of tradition. Mailed to every state legislator and governor, this handbook is designed to be a pocket- and purse-sized guide to state rankings on tax rates, collections, burdens, and more.

Theses tables were compiled by Tax Foundation staff and updated by Economist Nicole Kaeding. We hope these facts contribute to a healthy public debate.

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Table 3.

2016 State Business Tax Climate Index

As of July 1, 2015

State	Overall Index Rank	Ranking on Five Component Taxes: Corp. Tax	Ind. Income Tax	Sales Tax	Unemp. Ins. Tax	Prop. Tax
Ala.	29	25	22	41	26	17
Alaska	3	30	1	5	21	21
Ariz.	24	22	19	49	9	6
Ark.	38	42	29	43	43	27
Calif.	48	35	50	40	13	13
Colo.	18	15	16	44	33	12
Conn.	44	33	36	29	20	49
Del.	14	50	33	1	4	15
Fla.	4	17	1	17	3	20
Ga.	39	9	42	35	37	31
Hawaii	31	10	37	14	24	14
Idaho	19	24	23	33	45	4
Ill.	23	36	10	11	39	45
Ind.	8	20	11	24	14	5
Iowa	40	49	32	32	34	40
Kans.	22	40	18	9	10	19
Ky.	28	29	30	9	46	23
La.	37	38	27	50	5	28
Maine	34	45	26	10	41	41
Md.	41	19	45	8	28	42
Mass.	25	39	13	18	47	46
Mich.	13	11	15	7	48	26
Minn.	47	46	46	36	29	30
Miss.	20	13	21	28	8	35
Mo.	17	3	28	23	12	8
Mont.	6	23	20	3	18	9
Nebr.	27	31	24	26	2	39
Nev.	5	4	1	39	42	7
N.H.	7	48	9	2	44	43
N.J.	50	43	48	47	31	50
N.M.	35	27	34	48	7	1
N.Y.	49	12	49	42	32	47
N.C.	15	7	14	31	11	32
N.D.	26	14	35	22	16	3

Table 3, Continued.

2016 State Business Tax Climate Index

As of July 1, 2015

State	Overall Index Rank	Corp. Tax	Ind. Income Tax	Sales Tax	Unemp. Ins. Tax	Prop. Tax
		Ranking on Five Component Taxes				
Ohio	42	26	47	30	6	11
Okla.	33	8	40	38	1	18
Ore.	11	37	31	4	27	10
Pa.	32	47	17	25	50	38
R.I.	45	34	38	27	49	44
S.C.	36	16	41	19	35	25
S.D.	2	1	1	34	40	22
Tenn.	16	18	8	46	25	37
Texas	10	41	6	37	15	34
Utah	9	5	12	16	19	2
Vt.	46	44	44	15	17	48
Va.	30	6	39	6	38	29
Wash.	12	28	6	45	23	24
W.Va.	21	21	25	21	22	16
Wis.	43	32	43	13	36	33
Wyo.	1	1	1	12	30	36
D.C.	(42)	(36)	(34)	(40)	(27)	(39)

Note: The *State Business Tax Climate Index* measures how each state's tax laws affect economic performance. A rank of 1 means the state's tax system is more favorable for business; a rank of 50 means the state's tax system is less favorable for business. Component rankings do not average to the total. States without a given tax rank equally as number 1. D.C.'s ranks do not affect states' ranks, but the figures in parentheses indicate where it would rank if included.

Source: Tax Foundation, *2016 State Business Tax Climate Index.*

Table 8.

Sources of State & Local Tax Collections, Percentage of Total from Each Source

Fiscal Year 2013

State	Property	General Sales	Individual Income	Corporate Income	Other Taxes (a)
U.S.	31.3%	22.5%	23.3%	3.6%	19.3%
Ala.	18.0%	29.6%	22.5%	2.6%	27.3%
Alaska	20.8%	3.2%	0.0%	9.3%	66.7%
Ariz.	29.5%	39.8%	15.0%	2.9%	12.7%
Ark.	18.1%	35.8%	24.6%	3.7%	17.7%
Calif.	25.6%	21.7%	32.6%	3.6%	16.3%
Colo.	30.7%	26.8%	24.2%	2.9%	15.5%
Conn.	37.5%	14.8%	29.9%	2.2%	15.6%
Del.	17.9%	0.0%	27.8%	7.4%	46.9%
Fla.	36.0%	34.2%	0.0%	3.1%	26.7%
Ga.	30.4%	27.6%	26.4%	2.4%	13.2%
Hawaii	16.5%	38.8%	21.6%	1.5%	21.6%
Idaho	28.0%	25.9%	25.3%	3.9%	16.8%
Ill.	36.9%	14.1%	23.9%	6.4%	18.7%
Ind.	25.5%	27.3%	24.8%	3.1%	19.3%
Iowa	34.0%	20.5%	25.7%	3.1%	16.8%
Kans.	32.0%	29.3%	22.9%	3.0%	12.8%
Ky.	20.9%	19.6%	31.7%	5.0%	22.9%
La.	22.4%	38.6%	15.6%	1.4%	22.0%
Maine	39.6%	16.7%	23.9%	2.7%	17.1%
Md.	27.5%	12.7%	37.7%	2.9%	19.2%
Mass.	36.2%	13.5%	33.5%	4.9%	11.9%
Mich.	35.2%	22.8%	23.1%	2.4%	16.5%
Minn.	27.9%	17.1%	29.8%	4.5%	20.8%
Miss.	26.2%	31.1%	17.1%	4.1%	21.5%
Mo.	28.2%	25.4%	27.2%	2.2%	17.0%
Mont.	37.0%	0.0%	27.1%	4.4%	31.4%
Nebr.	35.4%	23.1%	24.2%	3.2%	14.1%
Nev.	25.1%	36.8%	0.0%	0.0%	38.2%
N.H.	64.1%	0.0%	1.8%	10.0%	24.1%
N.J.	47.4%	15.0%	21.5%	4.1%	12.0%
N.M.	18.6%	38.2%	16.2%	3.5%	23.5%

Table 8, Continued.

Sources of State & Local Tax Collections, Percentage of Total from Each Source

Fiscal Year 2013

State	Property	General Sales	Ind. Income	Corporate Income	Other Taxes (a)
N.Y.	31.0%	16.3%	31.7%	7.3%	13.7%
N.C.	25.0%	22.0%	31.1%	3.6%	18.2%
N.D.	12.9%	22.9%	10.1%	3.5%	50.5%
Ohio	28.4%	21.4%	29.7%	1.0%	19.5%
Okla.	17.0%	33.5%	21.7%	4.3%	23.4%
Ore.	32.9%	0.0%	40.8%	3.4%	23.0%
Pa.	29.7%	16.8%	26.0%	4.3%	23.1%
R.I.	44.5%	16.3%	20.2%	2.7%	16.4%
S.C.	33.7%	23.4%	22.0%	2.5%	18.3%
S.D.	35.1%	39.9%	0.0%	1.3%	23.8%
Tenn.	27.0%	40.1%	1.3%	6.2%	25.3%
Texas	40.4%	31.9%	0.0%	0.0%	27.7%
Utah	27.1%	24.9%	28.0%	3.2%	16.8%
Vt.	43.0%	10.5%	19.5%	3.1%	23.8%
Va.	33.7%	14.0%	31.1%	2.2%	18.9%
Wash.	30.6%	44.8%	0.0%	0.0%	24.6%
W.Va.	20.5%	17.4%	24.9%	3.4%	33.9%
Wis.	38.4%	17.3%	26.2%	3.5%	14.7%
Wyo.	37.5%	25.7%	0.0%	0.0%	36.8%
D.C.	31.9%	17.6%	26.6%	7.3%	16.7%

(a) "Other Taxes" include excise taxes (such as those on alcohol, tobacco, motor vehicles, utilities, and licenses), severance taxes, stock transfer taxes, estate and gift taxes, and other miscellaneous taxes.

Note: Percentages may not add to 100 due to rounding.

Source: Census Bureau; Tax Foundation calculations.

Table 11.

Selected Federal Tax Rates

Calendar Year 2016

Individual Income Tax

Single

Rates		Brackets
10%	>	$0
15%	>	$9,275
25%	>	$37,650
28%	>	$91,150
33%	>	$190,150
35%	>	$413,350
39.6%	>	$415,050

Married Filing Jointly

Rates		Brackets
10%	>	$0
15%	>	$18,450
25%	>	$74,900
28%	>	$151,200
33%	>	$230,450
35%	>	$411,500
39.6%	>	$464,850

Head of Household

Rates		Brackets
10%	>	$0
15%	>	$13,250
25%	>	$50,400
28%	>	$130,150
33%	>	$210,800
35%	>	$413,350
39.6%	>	$441,000

Social Security and Medicare Payroll Taxes (a)

15.3%	>	$0
2.9%	>	$118,500
3.8%	>	$200,000

Corporate Income Tax

Rates		Brackets
15%	>	$0
25%	>	$50,000
34%	>	$75,000
39%	>	$100,000
34%	>	$335,000
35%	>	$10,000,000
38%	>	$15,000,000
35%	>	$18,333,333

Select Federal Excise Taxes (b)

Item	Rate
Pistols & Revolvers	10%
Other Firearms	11%
Ammunition	11%
Medical Devices	2.3%
Indoor Tanning	10%
Tackle Boxes	3%
Arrow Shafts	49¢/shaft
Air Transportation	7.5%
Truck Bodies	12%
Liq. Natural Gas	24.3¢/gallon
Surface Coal	4.4% or $0.55/ton

(a) These are total payroll tax rates. The Social Security tax is split evenly between employer and employee (6.2% each) for all income up to $118,500. The 1.45% Medicare tax is levied on both employers and employees on all income. The Additional Medicare Tax of 0.9% is levied only on employees with wages and compensation exceeding $200,000.

(b) In state excise tax Tables 22–28, federal gasoline, alcohol, cell phone, and tobacco excise taxes are included under the "Federal" line and are in addition to any state taxes.

Source: Tax Foundation; Internal Revenue Service; Commerce Clearing House; American Petroleum Institute; Alcohol and Tobacco Tax and Trade Bureau.

Table 12.

State Individual Income Tax Rates

As of January 1, 2016

State	Rates		Brackets
Ala. (e,f)	2%	>	$0
	4%	>	$500
	5%	>	$3,000
Alaska	None		
Ariz. (a)	2.59%	>	$0
	2.88%	>	$10,000
	3.36%	>	$25,000
	4.24%	>	$50,000
	4.54%	>	$150,000
Ark. (c,d,g)	0.9%	>	$0
	2.5%	>	$4,299
	3.5%	>	$8,399
	4.5%	>	$12,599
	6.0%	>	$20,999
	6.9%	>	$35,099
Calif. (a,d)	1.0%	>	$0
	2.0%	>	$7,850
	4.0%	>	$18,610
	6.0%	>	$29,372
	8.0%	>	$40,773
	9.3%	>	$51,530
	10.3%	>	$263,222
	11.3%	>	$315,866
	12.3%	>	$526,443
	13.3%	>	
Colo.	4.63% of federal taxable income		
Conn. (g)	3.0%	>	$0
	5.0%	>	$10,000
	5.5%	>	$50,000
	6.0%	>	$100,000
	6.5%	>	$200,000
	6.9%	>	$250,000
Del. (f)	2.20%	>	$2,000
	3.90%	>	$5,000
	4.80%	>	$10,000
	5.20%	>	$20,000
	5.55%	>	$25,000
	6.60%	>	$60,000
Fla.	None		
Ga.	1%	>	$0
	2%	>	$750
	3%	>	$2,250
	4%	>	$3,750
	5%	>	$5,250
	6%	>	$7,000
Hawaii	1.4%	>	$0
	3.2%	>	$2,400
	5.5%	>	$4,800
	6.4%	>	$9,600
	6.8%	>	$14,400
	7.2%	>	$19,200
	7.6%	>	$24,000
	7.9%	>	$36,000
	8.25%	>	$48,000
Idaho (a,d)	1.6%	>	$0
	3.6%	>	$1,452
	4.1%	>	$2,904
	5.1%	>	$4,356
	6.1%	>	$5,808
	7.1%	>	$7,260
	7.4%	>	$10,890
Ill.	3.75% of federal adjusted gross income with modifications		
Ind. (f)	3.30% of federal adjusted gross income with modifications		
Iowa (d,e)	0.36%	>	$0
	0.72%	>	$1,539
	2.43%	>	$3,078
	4.50%	>	$6,156
	6.12%	>	$13,851
	6.48%	>	$23,085
	6.80%	>	$30,780
	7.92%	>	$46,170
	8.98%	>	$69,255
Kans. (f)	2.70%	>	$0
	4.60%	>	$15,000

Table 12, Continued.

State Individual Income Tax Rates

As of January 1, 2016

State	Rates		Brackets
Ky. (f)	2.0%	>	$0
	3.0%	>	$3,000
	4.0%	>	$4,000
	5.0%	>	$5,000
	5.8%	>	$8,000
	6.0%	>	$75,000
La. (e)	2%	>	$0
	4%	>	$12,500
	6%	>	$50,000
Maine (d,h)	5.8%	>	$0
	6.75%	>	$21,049
	7.15%	>	$37,499
Md. (f)	2.00%	>	$0
	3.00%	>	$1,000
	4.00%	>	$2,000
	4.75%	>	$3,000
	5.00%	>	$100,000
	5.25%	>	$125,000
	5.50%	>	$150,000
	5.75%	>	$250,000
Mass.	5.10%	>	$0
Mich. (f)	4.25% of federal adjusted gross income with modification		
Minn. (d)	5.35%	>	$0
	7.05%	>	$25,180
	7.85%	>	$82,740
	9.85%	>	$155,650
Miss.	3%	>	$0
	4%	>	$5,000
	5%	>	$10,000
Mo. (e,f)	1.5%	>	$0
	2.0%	>	$1,000
	2.5%	>	$2,000
	3.0%	>	$3,000
	3.5%	>	$4,000
	4.0%	>	$5,000
	4.5%	>	$6,000
	5.0%	>	$7,000
	5.5%	>	$8,000
	6.0%	>	$9,000
Mont. (a,d,e)	1.0%	>	$0
	2.0%	>	$2,900
	3.0%	>	$5,100
	4.0%	>	$7,800
	5.0%	>	$10,500
	6.0%	>	$13,500
	6.9%	>	$17,400
Nebr. (d,g)	2.46%	>	$0
	3.51%	>	$3,060
	5.01%	>	$18,370
	6.84%	>	$29,590
Nev.	None		
N.H. (b)	5%	>	$0
N.J. (f)	1.40%	>	$0
	1.75%	>	$20,000
	3.50%	>	$35,000
	5.525%	>	$40,000
	6.37%	>	$75,000
	8.97%	>	$500,000
N.M.	1.7%	>	$0
	3.2%	>	$5,500
	4.7%	>	$11,000
	4.9%	>	$16,000
N.Y. (f,g)	4.00%	>	$0
	4.50%	>	$8,450
	5.25%	>	$11,650
	5.90%	>	$13,850
	6.45%	>	$21,300
	6.65%	>	$80,150
	6.85%	>	$214,000
	8.82%	>	$1,070,350
N.C.	5.75%	>	$0
N.D. (d)	1.10%	>	$0
	2.04%	>	$37,450
	2.27%	>	$90,750
	2.64%	>	$189,300
	2.90%	>	$411,500

Table 12, Continued.

State Individual Income Tax Rates

As of January 1, 2016

State	Rates		Brackets
Ohio (a,d,f)	0.495%	>	$0
	0.990%	>	$5,200
	1.980%	>	$10,400
	2.476%	>	$15,650
	2.969%	>	$20,900
	3.465%	>	$41,700
	3.960%	>	$83,350
	4.597%	>	$104,250
	4.997%	>	$208,500
Okla.	0.50%	>	$0
	1.00%	>	$1,000
	2.00%	>	$2,500
	3.00%	>	$3,750
	4.00%	>	$4,900
	5.00%	>	$7,200
Ore. (d,e,f)	5.0%	>	$0
	7.0%	>	$3,350
	9.0%	>	$8,450
	9.9%	>	$125,000
Pa. (f)	3.07%	>	$0
R.I. (d)	3.75%	>	$0
	4.75%	>	$60,850
	5.99%	>	$138,300
S.C. (d)	3%	>	$2,920
	4%	>	$5,840
	5%	>	$8,760
	6%	>	$11,680
	7%	>	$14,600
S.D.	None		
Tenn. (b)	6%	>	$0
Texas	None		
Utah	5%	>	$0
Vt. (d)	3.55%	>	$0
	6.80%	>	$39,900
	7.80%	>	$93,400
	8.80%	>	$192,400
	8.95%	>	$415,600
Va.	2.00%	>	$0
	3.00%	>	$3,000
	5.00%	>	$5,000
	5.75%	>	$17,000
Wash.	None		
W.Va.	3.0%	>	$0
	4.0%	>	$10,000
	4.5%	>	$25,000
	6.0%	>	$40,000
	6.5%	>	$60,000
Wis. (d)	4.00%	>	$0
	5.84%	>	$11,150
	6.27%	>	$22,230
	7.65%	>	$244,750
Wyo.	None		
D.C.	4.00%	>	$0
	6.00%	>	$10,000
	7.00%	>	$40,000
	8.50%	>	$60,000
	8.95%	>	$350,000

Table 12, Continued.

State Individual Income Tax Rates

As of January 1, 2016

(a) 2016 rates but 2015 brackets for California, Idaho, Montana, and Ohio. Laws in these states forbid revenue officials from inflation indexing brackets until midyear. Arizona will begin inflation adjusting in 2016.

(b) Tax applies to interest and dividend income only.

(c) Rates apply to individuals earning more than $75,000. Two special tax tables exist for low- and middle-income individuals: one for individuals below $21,000 in income and one for those between $21,000 and $75,000. Additionally, those between $75,000 and $80,000 in income receive a small bracket adjustment.

(d) Bracket levels are adjusted for inflation each year.

(e) These states allow some or all of federal income tax paid to be deducted from state taxable income.

(f) Local income taxes are excluded. Fourteen states have county- or city-level income taxes; the average rate within each jurisdiction is: 0.5% in Alabama; 0.63% in Delaware; 1.56% in Indiana; 0.45% in Iowa; <0.01% in Kansas; 2.10% in Kentucky; 2.90% in Maryland; 1.75% in Michigan; 0.5% in Missouri; 0.50% in New Jersey; 2.11% in New York; 2.25% in Ohio; 0.36% in Oregon; and 2.96% in Pennsylvania. Weighted local rates are from the Tax Foundation, *2016 State Business Tax Climate Index*.

(g) Arkansas, Connecticut, New York, and Nebraska have "tax benefit recapture," by which many high-income taxpayers pay their top tax rate on all income, not just on amounts above the bracket threshold.

Note: Brackets are for single taxpayers. Some states double bracket widths for joint filers (Ala., Ariz, Conn., Hawaii, Idaho, Kans., La., Maine, Nebr., Ore.). New York doubles all except the 6.85% bracket, which is effective at $300,000. California doubles all but the top bracket. Some states increase but do not double brackets for joint filers (Ga., Minn., N.M., N.C., N.D., Okla., R.I., Vt., Wis.). Maryland decreases some and increases others. New Jersey adds a 2.45% rate and doubles some bracket widths. Consult the Tax Foundation website for tables for married joint filers and married separate filers.

Source: Tax Foundation; state tax statutes, forms, and instructions; Commerce Clearing House.

Table 13.

State Individual Income Tax Collections per Capita

Fiscal Year 2014

State	Collections per Capita	Rank	State	Collections per Capita	Rank
U.S.	$975		Mont.	$1,039	19
Ala.	$662	37	Nebr.	$1,128	13
Alaska (a)	$0	--	Nev. (a)	$0	--
Ariz.	$515	41	N.H. (b)	$70	42
Ark.	$877	26	N.J.	$1,340	7
Calif.	$1,753	4	N.M.	$622	38
Colo.	$1,057	17	N.Y.	$2,176	1
Conn.	$2,162	2	N.C.	$1,045	18
Del.	$1,112	14	N.D.	$674	36
Fla. (a)	$0	--	Ohio	$726	34
Ga.	$888	24	Okla.	$764	32
Hawaii	$1,229	11	Ore.	$1,674	6
Idaho	$818	30	Pa.	$845	29
Ill.	$1,247	10	R.I.	$1,032	20
Ind.	$742	33	S.C.	$709	35
Iowa	$1,028	21	S.D. (a)	$0	--
Kans.	$865	27	Tenn. (b)	$37	43
Ky.	$850	28	Texas (a)	$0	--
La.	$592	39	Utah	$981	22
Maine	$1,063	16	Vt.	$1,077	15
Md.	$1,301	9	Va.	$1,306	8
Mass.	$1,961	3	Wash. (a)	$0	--
Mich.	$794	31	W.Va.	$958	23
Minn.	$1,746	5	Wis.	$1,180	12
Miss.	$557	40	Wyo. (a)	$0	--
Mo.	$884	25			

(a) State has no individual income tax.

(b) State does not tax wage income but does tax interest and dividend income.

Note: D.C. is included only in combined state and local data. See Table 39 for average people per household by state.

Source: Census Bureau; Tax Foundation calculations.

Table 15.

State Corporate Income Tax Rates

As of January 1, 2016

State	Rates		Brackets
Ala.	6.5%	>	$0
Alaska	0%	>	$0
	2%	>	$25,000
	3%	>	$49,000
	4%	>	$74,000
	5%	>	$99,000
	6%	>	$124,000
	7%	>	$148,000
	8%	>	$173,000
	9%	>	$198,000
	9.4%	>	$222,000
Ariz.	5.5%	>	$0
Ark. (a)	1%	>	$0
	2%	>	$3,000
	3%	>	$6,000
	5%	>	$11,000
	6%	>	$25,000
	6.5%	>	$100,000
Calif.	8.84%	>	$0
Colo.	4.63%	>	$0
Conn. (b)	9%	>	$0
Del. (c)	8.7%	>	$0
Fla.	5.5%	>	$0
Ga.	6%	>	$0
Hawaii	4.4%	>	$0
	5.4%	>	$25,000
	6.4%	>	$100,000
Idaho	7.4%	>	$0
Ill. (d)	7.75%	>	$0
Ind. (e)	6.5%	>	$0
Iowa	6%	>	$0
	8%	>	$25,000
	10%	>	$100,000
	12%	>	$250,000
Kans.	4%	>	$0
	7%	>	$50,000
Ky.	4%	>	$0
	5%	>	$50,000
	6%	>	$100,000
La.	4%	>	$0
	5%	>	$25,000
	6%	>	$50,000
	7%	>	$100,000
	8%	>	$200,000
Maine	3.50%	>	$0
	7.93%	>	$25,000
	8.33%	>	$75,000
	8.93%	>	$250,000
Md.	8.25%	>	$0
Mass.	8.00%	>	$0
Mich.	6.00%	>	$0
Minn.	9.8%	>	$0
Miss.	3%	>	$0
	4%	>	$5,000
	5%	>	$10,000
Mo.	6.25%	>	$0
Mont.	6.75%	>	$0
Nebr.	5.58%	>	$0
	7.81%	>	$100,000
Nev.		(c)	
N.H.	8.5%	>	$0
N.J. (f)	9%	>	$100,000
N.M. (g)	4.8%	>	$0
	6.4%	>	$500,000
	6.6%	>	$1,000,000
N.Y.	6.5%	>	$0
N.C.	4.0%	>	$0
N.D.	1.41%	>	$0
	3.55%	>	$25,000
	4.31%	>	$50,000
Ohio		(c)	
Okla.	6%	>	$0
Ore.	6.6%	>	$0
	7.6%	>	$1,000,000
Pa.	9.99%	>	$0
R.I.	7%	>	$0
S.C.	5%	>	$0
S.D.		None	

Table 15, Continued.

State Corporate Income Tax Rates

As of January 1, 2016

State	Rates		Brackets
Tenn.	6.5%	>	$0
Texas		(c)	
Utah	5%	>	$0
Vt.	6.0%	>	$0
	7.0%	>	$10,000
	8.5%	>	$25,000
Va. (c)	6%	>	$0
Wash.		(c)	
W.Va.	6.5%	>	$0
Wis.	7.9%	>	$0
Wyo.		None	
D.C.	9.40%	>	$0

(a) Arkansas assesses a surcharge of 3% of the taxpayer's total liability.

(b) The rate includes a 20% surtax, which effectively increases the rate from 7.5% to 9%. Surtax is required by businesses with at least $100 million annual gross income.

(c) Nevada, Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. See Table 18 for more information. Delaware and Virginia have gross receipts taxes in addition to corporate income taxes.

(d) Illinois' rate includes two separate corporate income taxes, one at a 5.25% rate and one at a 2.5% rate.

(e) The tax rate in Indiana will decrease to 6.25% on July 1, 2016.

(f) Corporations with entire net income greater than $100,000 pay 9% on all taxable income, companies with entire net income greater than $50,000 and less than or equal to $100,000 pay 7.5% on all taxable income, and companies with entire net income less than or equal to $50,000 pay 6.5% on all taxable income.

(g) The tax rate in New Mexico will decrease to 6.2% in 2017.

Note: In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax and special rates on financial institutions.

Source: Tax Foundation; state tax statutes, forms, and instructions; Commerce Clearing House.

Table 16.

State Corporate Income Tax Collections per Capita

Fiscal Year 2014

State	Collections per Capita	Rank	State	Collections per Capita	Rank
U.S.	$145		Mont.	$147	20
Ala.	$84	42	Nebr.	$163	18
Alaska	$555	1	Nev. (a)	$0	--
Ariz.	$85	41	N.H.	$409	2
Ark.	$134	23	N.J.	$265	7
Calif.	$228	10	N.M.	$99	36
Colo.	$134	23	N.Y.	$246	8
Conn.	$175	14	N.C.	$137	22
Del. (b)	$298	6	N.D.	$338	3
Fla.	$103	34	Ohio (b)	$0	--
Ga.	$93	37	Okla.	$102	35
Hawaii	$89	38	Ore.	$125	26
Idaho	$116	28	Pa.	$180	11
Ill.	$333	4	R.I.	$114	29
Ind.	$131	25	S.C.	$68	43
Iowa	$125	26	S.D. (a)	$29	45
Kans.	$114	29	Tenn.	$180	11
Ky.	$153	19	Texas (b)	$0	--
La.	$104	33	Utah	$105	32
Maine	$138	21	Vt.	$169	16
Md.	$164	17	Va. (b)	$89	38
Mass.	$325	5	Wash. (a,b)	$0	--
Mich.	$89	38	W.Va.	$110	31
Minn.	$241	9	Wis.	$171	15
Miss.	$176	13	Wyo. (a)	$0	--
Mo.	$59	44			

(a) No corporate income tax. May include special taxes on financial corporations.

(b) The Census Bureau does not classify revenue from gross receipts taxes such as those in Delaware, Ohio, Texas, Virginia, and Washington as corporate tax revenue. See Table 18 for gross receipts taxes.

Note: D.C. is included only in combined state and local data. See Table 39 for average people per household by state.

Source: Census Bureau; Tax Foundation calculations.