

**130th LEGISLATURE  
FIRST REGULAR SESSION**

**JOINT STANDING COMMITTEE  
ON  
TAXATION**

**COMMITTEE ORIENTATION  
January 2021**

**STAFF:**

**Committee Analyst:**

Julie Jones

[julie.jones@legislature.maine.gov](mailto:julie.jones@legislature.maine.gov)

**Fiscal Analyst:**

Suzanne Voynik

[suzanne.voynik@legislature.maine.gov](mailto:suzanne.voynik@legislature.maine.gov)

Office of Fiscal and Program Review

5 State House Station

Room 226

State House

Augusta, Maine 04333

Voice: 207-287-1635

## TABLE OF CONTENTS

<b>1. Committee Information</b>	<b>3</b>
<b>2. Taxation Committee Bills</b>	<b>6</b>
<b>3. Ongoing Committee Reports</b>	<b>23</b>
<b>4. Model Rules of Procedure</b>	<b>28</b>
<b>5. Other Materials Regarding Committee Procedure</b>	<b>35</b>
<b>6. Tax-related Provisions of the Maine Constitution</b>	<b>59</b>
<b>7. Property Tax</b>	<b>63</b>
<b>8. Sales Tax</b>	<b>67</b>
<b>9. Income Tax</b>	<b>71</b>
<b>10. Miscellaneous Taxes</b>	<b>74</b>
<b>11. Maine's Tax Mix, Tax Burden</b>	<b>79</b>
<b>12. State-by-State Comparisons</b>	<b>82</b>
<b>13. Tax Expenditure Review</b>	<b>100</b>
<b>14. Resources</b>	<b>133</b>

CONTACT INFORMATION  
for  
**Joint Standing Committee on Taxation**  
**State House, Room 127**  
**Mailing Address: 100 State House Station, Augusta 04333-0100**  
**Phone – 287-1552**

**Staff**

**Julie Jones, Senior Legislative Analyst**  
**Suzanne Voynik, Fiscal Analyst**  
Office of Fiscal and Program Review  
5 State House Station  
Augusta, ME 04333-0005  
Room 127, State House  
Work Phone: 207-287-1635  
Cell Phone: 207-242-5211

**Avery Page, Committee Clerk**  
100 State House Station  
Committee Room – 287-1552  
Office of Legislative Information - 287-1692

**Committee Members**

Senator Benjamin M. Chipman (Chair)	D	Cumberland	<a href="mailto:Benjamin.Chipman@legislature.maine.gov">Benjamin.Chipman@legislature.maine.gov</a>
Senator Matthea Daughtry	D	Cumberland	<a href="mailto:Mattie.Daughtry@legislature.maine.gov">Mattie.Daughtry@legislature.maine.gov</a>
Senator Matthew Pouliot	R	Kennebec	<a href="mailto:Matthew.Pouliot@legislature.maine.gov">Matthew.Pouliot@legislature.maine.gov</a>
Representative Maureen Fitzgerald Terry (Chair)	D	Gorham	<a href="mailto:Maureen.Terry@legislature.maine.gov">Maureen.Terry@legislature.maine.gov</a>
Representative Benjamin T. Collings	D	Portland	<a href="mailto:Benjamin.Collings@legislature.maine.gov">Benjamin.Collings@legislature.maine.gov</a>
Representative Lori K. Gramlich	D	Old Orchard	<a href="mailto:Lori.Gramlich@legislature.maine.gov">Lori.Gramlich@legislature.maine.gov</a>
Representative Ann Higgins Matlack	D	St. George	<a href="mailto:Ann.Matlack@legislature.maine.gov">Ann.Matlack@legislature.maine.gov</a>
Representative Joseph C. Perry	D	Bangor	<a href="mailto:Joe.Perry@legislature.maine.gov">Joe.Perry@legislature.maine.gov</a>
Representative Melanie F. Sachs	D	Freeport	<a href="mailto:Melanie.Sachs@legislature.maine.gov">Melanie.Sachs@legislature.maine.gov</a>
Representative Theodore Joseph Kryzak	R	Acton	<a href="mailto:Theodore.Kryzak@legislature.maine.gov">Theodore.Kryzak@legislature.maine.gov</a>
Representative Bruce A. Bickford	R	Auburn	<a href="mailto:Bruce.Bickford@legislature.maine.gov">Bruce.Bickford@legislature.maine.gov</a>
Representative Jeffrey P. Hanley	R	Pittston	<a href="mailto:Jeff.Hanley@legislature.maine.gov">Jeff.Hanley@legislature.maine.gov</a>
Representative Meldon H. Carmichael	R	Greenbush	<a href="mailto:Meldon.Carmichael@legislature.maine.gov">Meldon.Carmichael@legislature.maine.gov</a>

TAXATION COMMITTEE  
SUBJECT MATTER  
JURISDICTION

**Taxation.** Bureau of Revenue Services and State Property Tax Review Board; state and local taxes; tax exemptions and credits; taxpayer relief programs; property valuation and assessment; tax increment financing; municipal revenue sharing; taxation of unorganized territories; and tree growth and other current use tax issues.

130<sup>th</sup> - 1R  
Bills Index for  
TAX

**TAX**

**ESTATE TAX**

**PROVISIONS REVISED**

LR 1459

Rep. Collings Benjamin of Portland

Title: An Act To Amend the Maine Exclusion Amount in the Estate Tax

LR 1805

Rep. Talbot Ross Rachel of Portland

Title: An Act To Create the Maine Racial Equity Fund

**INCOME TAX**

**CHECKOFFS**

LR 1706

Rep. Terry Maureen of Gorham

Title: An Act To Create an Income Tax Return Checkoff for Hunger Prevention

**CORPORATIONS**

LR 1123

Rep. Brooks Heidi of Lewiston

Title: An Act To Amend Maine's Corporate Income Tax for Large Corporations by Increasing the Top Rate from 8.93 Percent to 12.4 Percent

LR 1634

Rep. Tepler Denise of Topsham

Title: An Act To Prevent Tax Haven Abuse

LR 1791

Rep. Terry Maureen of Gorham

Title: An Act To Prevent the Abuse of Tax Haven Provisions

**CREDITS**

LR 206

Rep. Cloutier Kristen of Lewiston

Title: An Act To Provide a Tax Credit for Family Caregivers

LR 334

Sen. Pouliot Matthew of Kennebec

Title: An Act To Improve the Educational Opportunity Tax Credit

LR 435

Sen. Farrin Brad of Somerset

Title: An Act To Increase Investment Caps in the Maine Seed Capital Tax Credit Program

LR 599

Sen. Keim Lisa of Oxford

Title: An Act To Eliminate the Double Taxation of Out-of-state Pensions

LR 538

Sen. Guerin Stacey of Penobscot

Title: An Act To Provide a Tax Break for Businesses That Employ People with Disabilities

LR 648

Rep. Hepler Allison of Woolwich

Title: An Act Regarding the Maine Educational Opportunity Tax Credit

LR 649 Rep. Hepler Allison of Woolwich  
Title: An Act To Create an Access to Justice Income Tax Credit

LR 658 Rep. Roberts Tiffany of South Berwick  
Title: An Act To Combat Hunger by Creating a Tax Credit of 10 Percent of Wholesale Market Prices up to \$5,000 Annually for Businesses Engaged in Food Production for Donations of Food to Tax-exempt Organizations

LR 718 Rep. Millett Rebecca of Cape Elizabeth  
Title: An Act To Support Child Care Providers and School Readiness through Tax Credits

LR 780 Sen. Libby Nate of Androscoggin  
Title: An Act To Reduce Greenhouse Gas Emissions and Promote Weatherization in the Buildings Sector by Extending the Sunset Date for the Historic Property Rehabilitation Tax Credit

LR 818 Rep. Sampson Heidi of Alfred  
Title: An Act Regarding Out-of-state Pensions

LR 847 Sen. Stewart Trey of Aroostook  
Title: An Act To Encourage Working Families To Relocate to Rural Maine

LR 849 Sen. Stewart Trey of Aroostook  
Title: An Act To Increase Research and Development in the State

LR 910 Sen. Lawrence Mark of York  
Title: An Act To Promote Reliable Rural High-speed Internet

LR 928 Rep. Wood Barbara of Portland  
Title: An Act To Amend the Educational Opportunity Tax Credit Program

LR 1067 Rep. Wadsworth Nathan of Hiram  
Title: An Act To Exempt from Taxation Certain Out-of-state Pensions

LR 1198 Sen. Curry Chip of Waldo  
Title: An Act To Support the Trades through a Tax Credit for Apprenticeship Programs

LR 1217 Rep. Sheehan Erin of Biddeford  
Title: An Act To Extend the Educational Opportunity Tax Credit to Maine Workers Who Have Earned Certificates from Accredited Institutions

LR 1415 Rep. Babbidge Christopher of Kennebunk  
Title: An Act To Expand Incentives To Live and Work in Maine through a Partial Tax Credit for Certain Student Loans

LR 1510 Pres. Jackson Troy of Aroostook  
Title: An Act To Support Log Yards in the State

LR 1495 Sen. Vitelli Eloise of Sagadahoc  
Title: An Act To Support Working Families through Outreach and Education about Tax Credits for Persons of Low Income

LR 1747 Sen. Bennett Richard of Oxford

2

Title: An Act To Improve Maine's Economic Development Incentives

LR 1875

Rep. Kinney MaryAnne of Knox

Title: An Act To Improve Maine's Solar Power Laws

**DEDUCTIONS**

LR 315

Rep. Fecteau Justin of Augusta

Title: An Act To Make Contributions Made To Pay Off School Meal Debt Tax-deductible

LR 705

Rep. Hanley Jeffery of Pittston

Title: An Act To Increase the Maximum Pension Deduction for State Income Tax

LR 1268

Rep. Dodge Jan of Belfast

Title: An Act To Provide Equity in the State Income Tax Deduction for Certain Public Employees Retirement System Pensions

LR 1373

Rep. Arata Amy of New Gloucester

Title: An Act To Reward and Encourage Charitable Giving

LR 1471

Sen. Rafferty Joseph of York

Title: An Act To Provide Equity in the State Income Tax Deduction for Certain Public Employees Retirement System Pensions

**EXEMPTIONS**

LR 551

Sen. Dill Jim of Penobscot

Title: An Act To Conform the Maine Income Tax Law with Federal Law To Exempt Paycheck Protection Program Loans from Being Considered Taxable Income

LR 1329

Sen. Maxmin Chloe of Lincoln

Title: An Act To Ensure Equity in the Clean Energy Economy by Providing a Limited Tax Exemption for Certain Clean Energy Infrastructure Projects

LR 1313

Rep. Warren Charlotte of Hallowell

Title: An Act To Eliminate the State Income Tax on Maine Public Employees Retirement System Pensions

LR 1708

Sen. Breen Cathy of Cumberland

Title: An Act To Exempt Paycheck Protection Program Loans from Taxation

**PROVISIONS REVISED**

LR 970

Sen. Guerin Stacey of Penobscot

Title: An Act To Align Maine Tax Policy with Federal Tax Policy Regarding the Federal CARES Act

**RATE**

LR 550

Rep. Berry Seth of Bowdoinham

Title: An Act To Provide for Fairness in the Taxation of Extraordinary and Unearned Income by Establishing a Surcharge on Income from Net Capital Gains and Dividends for Individuals with High Income

LR 743 Spkr. Fecteau Ryan of Biddeford

Title: An Act To Support Maine Families by Adding a Temporary Tax Bracket Affecting High Earners

LR 903 Rep. Sylvester Mike of Portland

Title: An Act To Reauthorize a 3 Percent Tax on Income over \$200,000 To Lift All Maine Workers out of Poverty

LR 935 Rep. Lookner Grayson of Portland

Title: An Act To Provide for Fairness in Property Taxation by Assessing a One-time Tax on Intangible Assets

LR 1267 Rep. Osher Laurie of Orono

Title: An Act To Improve Income Tax Fairness by Establishing New Top Individual Income Tax Rates

LR 1477 Rep. Andrews John of Paris

Title: An Act To Provide Stimulus for Economic Recovery by Enacting a 5 Percent Flat Income Tax

LR 1500 Rep. Harnett Thom of Gardiner

Title: An Act To Promote Fairness in Income Tax Rates By Making Them More Progressive

LR 1697 Rep. Gramlich Lori of Old Orchard Beach

Title: An Act To Bring Equity to Maine's Tax Law by Adjusting Certain Individual Income Tax Rates

LR 1756 Rep. Collings Benjamin of Portland

Title: An Act Regarding Higher Income Tax Levels

LR 1790 Sen. Baldacci Joseph of Penobscot

Title: An Act To Lower Income Taxes for Middle-income Families in Maine

#### **REBATES**

LR 1570 Sen. Brenner Stacy of Cumberland

Title: An Act To Provide Incentives in the Development of the Labor Force in the Green Jobs Sector through Assistance in Repaying Student Loan Debt via a Tax Rebate

#### **REFUND SETOFF**

LR 1372 Rep. Arata Amy of New Gloucester

Title: An Act To Prevent Business Failure by Allowing Losses To Be Carried Back to Previous Years

#### **MISCELLANEOUS TAXES**

##### **EXCISE TAX**

LR 253 Rep. Doudera Victoria of Camden

Title: An Act To Allow Municipalities To Exempt Volunteer Firefighters from Paying Excise Tax on Their Vehicles Used To Respond to Fire Calls

LR 700 Rep. Ordway Lester of Standish

Title: An Act To Base the Vehicle and Mobile Home Excise Tax on Actual Value

LR 885 Rep. Fay Jessica of Raymond



Title: An Act To Amend the Application of the Excise Tax on Noncommercial Watercraft Temporarily in the State

LR 1117

Rep. Brooks Heidi of Lewiston

Title: An Act To Exempt Certain Disabled Veterans from the Motor Vehicle Excise Tax

LR 1272

Rep. Connor Jon of Lewiston

Title: An Act To Base the Motor Vehicle Excise Tax on Actual Sale Price or Fair Market Value

LR 1437

Sen. Woodsome David of York

Title: An Act To Implement Equitable Taxation for Certain Energy Generation Facilities

#### **INSURANCE TAX**

LR 486

Rep. Cloutier Kristen of Lewiston

Title: An Act To Phase Out the Insurance Premium Tax on Annuities

#### **LODGING AND MEALS TAX**

LR 526

Rep. Rudnicki Shelley of Fairfield

Title: An Act To Exempt Long-term Lodgers from the 9 Percent Lodging Tax

LR 1614

Rep. Hepler Allison of Woolwich

Title: An Act To Improve Camping Opportunities in Maine by Exempting Certain Campground Rental Fees from the Sales and Use Tax

#### **MOTOR FUEL TAX**

LR 1681

Rep. Collings Benjamin of Portland

Title: An Act To Invest in Passenger Rail Expansion

LR 1686

Rep. Collings Benjamin of Portland

Title: An Act To Invest in Maine's Roads and Bridges

LR 1778

Rep. Kessler Christopher of South Portland

Title: An Act To Fund Maine's Climate Mitigation Efforts

#### **NATURAL RESOURCES TAX**

LR 1866

Rep. Gramlich Lori of Old Orchard Beach

Title: An Act Regarding Water Extracted for Commercial Bottling

#### **REAL ESTATE TRANSFER TAX**

LR 782

Rep. Williams Lynne of Bar Harbor

Title: An Act To Create a Graduated Real Estate Transfer Tax

#### **SERVICE PROVIDER TAX**

LR 1171

Sen. Vitelli Eloise of Sagadahoc

Title: An Act To Exempt MaineCare Appendix C Private Nonmedical Institutions from the Service Provider Tax

**SPECULATION & VACANCY TAX**

LR 103

Rep. Kessler Christopher of South Portland

Title: An Act To Increase Affordable Housing and Reduce Property Taxes through an Impact Fee on Vacant Residences

**TOBACCO PRODUCTS TAX**

LR 1104

Rep. McCreight Jay of Harpswell

Title: An Act To Prevent and Reduce Tobacco Use by Providing Adequate Funding and by Raising the Tax on Tobacco Products

**OMNIBUS**

**TAX REFORM**

LR 1153

Rep. Tepler Denise of Topsham

Title: Resolve, Establishing the Commission To Study Fair, Equitable and Competitive Tax Policy for Maine's Working Families and Small Businesses

LR 1453

Rep. O'Neil Maggie of Saco

Title: An Act To Promote Tax Fairness in Maine

LR 1853

Sen. Chipman Ben of Cumberland

Title: An Act To Change Maine's Tax Laws

**TECHNICAL CHANGES**

LR 371

Rep. Berry Seth of Bowdoinham

Title: An Act To Improve and Update Maine's Tax Laws

**PROPERTY TAX**

**ABATEMENTS**

LR 1848

Sen. Sanborn Heather of Cumberland

Title: An Act To Allow Tax Abatements for Catastrophic Loss

**CREDITS**

LR 342

Sen. Stewart Trey of Aroostook

Title: An Act To Establish a Regional Program To Assist Firefighter Training Programs and To Provide Tax Credits to Volunteer Firefighters and Businesses That Employ Them

**DEFERRALS**

LR 952

Rep. Grohoski Nicole of Ellsworth

Title: An Act To Authorize Local Option Property Tax Deferrals for Volunteer First Responders

**EXEMPTIONS**

LR 30

Rep. Kessler Christopher of South Portland

Title: An Act To Exclude Energy Efficiency Improvements from Property Tax



- LR 395 Sen. Bailey Donna of York  
 Title: An Act To Permit Municipalities To Provide Assistance to Veterans in Paying Property Taxes
- LR 516 Sen. Davis, Sr. Paul of Piscataquis  
 Title: An Act To Allow a Veteran Who Was a Member of the Military Reserves or Served in the National Guard To Qualify for the Veterans' Property Tax Exemption
- LR 517 Sen. Keim Lisa of Oxford  
 Title: An Act To Expand Eligibility for the Veterans' Property Tax Exemption
- LR 717 Sen. Chipman Ben of Cumberland  
 Title: An Act To Improve Maine's Tax Laws by Providing a Property Tax Exemption for Central Labor Councils
- LR 1224 Pres. Jackson Troy of Aroostook  
 Title: An Act To Increase Property Tax Relief for Veterans
- LR 1310 Rep. Grohoski Nicole of Ellsworth  
 Title: An Act To Improve Access to Property Tax Exemptions for New Homeowners
- LR 1667 Rep. Arford Poppy of Brunswick  
 Title: An Act To Support the Ownership of Clean Energy Structures and Property Tax Relief
- LR 1844 Rep. Dodge Jan of Belfast  
 Title: An Act To Increase the Property Tax Exemption for Veterans by 50 Percent

**FARM AND OPEN SPACE TAX**

- LR 41 Rep. Berry Seth of Bowdoinham  
 Title: Resolve, To Support Farmland Preservation by Allowing the Siting of Solar Energy Installations on Land Enrolled in the Farm and Open Space Tax Law Program

**HOMESTEAD EXEMPTION**

- LR 221 Rep. Faulkingham Billy Bob of Winter Harbor  
 Title: An Act To Increase the Homestead Exemption to \$50,000
- LR 332 Sen. Pouliot Matthew of Kennebec  
 Title: An Act To Reduce Property Taxes for Maine Residents
- LR 640 Sen. Baldacci Joseph of Penobscot  
 Title: An Act To Cut Property Taxes for Maine Residential Homeowners
- LR 1597 Rep. Talbot Ross Rachel of Portland  
 Title: An Act To Expand the Value of the Homestead Exemption and the State Reimbursement to Municipalities

**PROVISIONS REVISED**

- LR 755 Sen. Dill Jim of Penobscot  
 Title: An Act To Place a Moratorium on Property Revaluations for Tax Purposes during a State of Emergency

LR 1016 Rep. Tuell Will of East Machias  
Title: An Act To Ease the Property Tax Burden by Authorizing Municipalities To Require Payments by Nonprofit Organizations

**RELIEF**

LR 201 Sen. Bailey Donna of York  
Title: An Act To Help Seniors Remain in Their Homes

LR 246 Sen. Black Russell of Franklin  
Title: An Act To Provide Seniors a Reduction in Property Taxes Equal to the Costs of Education

LR 346 Sen. Stewart Trey of Aroostook  
Title: An Act To Stabilize Property Taxes for Individuals 65 Years of Age or Older Who Own a Homestead for at Least 10 Years

LR 1377 Rep. Arata Amy of New Gloucester  
Title: An Act To Simplify Depreciation of Business Equipment by Conforming the Maine Tax Code to the Federal Tax Code

LR 1541 Rep. Wadsworth Nathan of Hiram  
Title: An Act To Reduce Property Taxes on the Primary Residence of Veterans Who Are 100 Percent Disabled Due to Service-connected Disabilities

**STATE PROPERTY**

LR 1552 Rep. Foster Steven of Dexter  
Title: An Act Regarding Municipal Valuation and State-owned Property

**TREE GROWTH TAX**

LR 642 Pres. Jackson Troy of Aroostook  
Title: An Act Regarding the Transportation of Products in the Forest Products Industry

LR 1391 Rep. Martin John of Eagle Lake  
Title: An Act To Amend the Maine Tree Growth Tax Law To Encourage Public Access

LR 1674 Rep. Grignon Chad of Athens  
Title: An Act To Maintain Traditional Recreational Uses in Maine's Forests

**PROPERTY TAX PROCEDURES**

**MUNICIPALITIES**

LR 698 Rep. Ordway Lester of Standish  
Title: An Act To Allow Municipalities To Send Separate Tax Bills for Municipal, County and School Taxes

LR 1060 Rep. Andrews John of Paris  
Title: An Act To Allow a Municipality To Send Separate Tax Bills for Municipal, County and School Taxes



**ADMINISTRATION**

LR 1798 Rep. Terry Maureen of Gorham  
Title: An Act To Amend the Tax Laws

**AMNESTY**

LR 679 Sen. Baldacci Joseph of Penobscot  
Title: An Act To Institute a State Tax Amnesty Program To Increase General Revenue Collections

**REVENUE SHARING**

**DISTRIBUTION**

LR 675 Rep. Perry Joe of Bangor  
Title: An Act To Fairly Distribute Tax Revenue To Offset Costs Incurred by Adult Use Marijuana Host Communities

LR 752 Rep. Lookner Grayson of Portland  
Title: An Act To Encourage Inclusionary Zoning in Municipalities by Increasing Revenue Sharing

**FUNDING**

LR 549 Sen. Baldacci Joseph of Penobscot  
Title: An Act To Increase Municipal Revenue Sharing for All of Maine's Municipalities in Fiscal Year 2020-21

LR 622 Rep. Madigan Colleen of Waterville  
Title: An Act To Assist Service Center Communities

LR 711 Rep. Harnett Thom of Gardiner  
Title: An Act To Fully Fund and Restore State-Municipal Revenue Sharing

LR 1054 Rep. Riseman Walter of Harrison  
Title: An Act To Provide Funding To Restore Fully State-Municipal Revenue Sharing

**SALES AND USE TAX**

**EXEMPT ITEMS**

LR 265 Rep. Fecteau Justin of Augusta  
Title: An Act To Remove Sales and Use Taxation on Monetary Metals

LR 274 Rep. Corey Patrick of Windham  
Title: An Act To Establish a Sales Tax Exemption for the Purchase of Firearm Safety Devices

LR 629 Rep. Tepler Denise of Topsham  
Title: Resolve, To Provide for Exemption from the Sales Tax for Basic Needs Products and Offset the Loss of Revenue

LR 996 Sen. Miramant Dave of Knox  
Title: An Act To Exempt Trailers Sold to Out-of-state Entities from Sales and Use Tax

- LR 1145 Rep. Morris Joshua of Turner  
 Title: An Act To Establish a Sales Tax Holiday To Help Maine Businesses Affected by the COVID-19 Pandemic
- LR 1414 Rep. Babbidge Christopher of Kennebunk  
 Title: An Act To Serve the Public Interest, Promote Journalism and Save Jobs by Restoring the Sales and Use Tax Exemption for Newspapers
- LR 1441 Rep. Cebra Richard of Naples  
 Title: An Act To Exempt Gold and Silver Transactions from State Taxation

**EXEMPT PURCHASERS**

- LR 86 Rep. McCrea David of Fort Fairfield  
 Title: An Act To Make Sales to Area Agencies on Aging Tax-exempt
- LR 446 Rep. Underwood Joseph of Presque Isle  
 Title: An Act To Provide a Sales and Use Tax Exemption for Certain Nonprofit Cemeteries
- LR 1319 Rep. Pickett Richard of Dixfield  
 Title: An Act To Provide a Sales Tax Exemption for the Western Maine Education Collaborative

**ITEMS TAXED**

- LR 310 Rep. Cebra Richard of Naples  
 Title: An Act To Dedicate a Percentage of the Sales and Use Tax on Motor Vehicles and Motor Vehicle Parts to the Highway Fund

**LOCAL OPTION**

- LR 559 Rep. Sylvester Mike of Portland  
 Title: An Act To Authorize a Local Option Sales Tax on Lodging and Other Goods and Provide Funding for Tax Abatement and Rental Relief
- LR 1464 Sen. Luchini Louis of Hancock  
 Title: An Act To Allow a Local Option Sales Tax on Meals and Lodging

**MEALS AND LODGING**

- LR 1288 Rep. Connor Jon of Lewiston  
 Title: An Act To Suspend Meals and Lodging Taxes until 12 Months after the COVID-19 Civil Emergency

**PROVISIONS REVISED**

- LR 459 Rep. O'Connell Kevin of Brewer  
 Title: An Act To Provide Municipalities a Percentage of the Revenue Generated from the Taxes Imposed on the Sale of Recreational Marijuana in Those Municipalities
- LR 677 Rep. Perry Joe of Bangor  
 Title: An Act To Restructure the Taxation of Adult Use Marijuana

- LR 800 Rep. Roberts Tiffany of South Berwick

Title: An Act To Increase Funding to Qualifying Municipalities by Sharing Adult Use Marijuana Sales and Excise Tax Revenue

**RATE**

LR 208

Sen. Davis, Sr. Paul of Piscataquis

Title: An Act To Exempt from Sales Tax Ammunition Purchased Outside of Maine

**REFUNDS**

LR 638

Rep. Drinkwater Gary of Milford

Title: An Act To Refund the Sales Tax Charged on a Battery Core When the Cost of the Core Is Refunded to the Customer

**SALES TAX**

**RATE**

LR 320

Rep. Dillingham Kathleen of Oxford

Title: An Act To Assist Certain Businesses in the State That Sell Prepared Food or Alcohol

**TAX ASSESSMENT**

**VALUATION**

LR 228

Rep. Matlack Ann of St. George

Title: An Act Relating to the Valuation of Certain Retail Property

**TAX INCREMENT FINANCING**

**REVISED**

LR 1378

Rep. Arata Amy of New Gloucester

Title: An Act To Reduce Errors in Employment Tax Increment Financing Benefits

**USES EXPANDED**

LR 606

Rep. Carlow Nathan of Buxton

Title: An Act To Authorize the Use of Tax Increment Financing Funds for Constructing or Renovating Municipal Offices and Other Buildings

LR 1463

Sen. Deschambault Susan of York

Title: An Act To Improve Affordable Housing Options and Services To Address Homelessness

LR 1687

Sen. Carney Anne of Cumberland

Title: An Act To Allow Municipalities Limited Access to Tax Increment Financing Funds To Address Shortfalls in Revenue Due to the COVID-19 Pandemic

~~TRA~~

~~**BICYCLES**~~

~~**REQUIREMENTS**~~

~~LR 899~~

~~Sen. Daughtry Matthea of Cumberland~~

**TAXATION COMMITTEE REPORTS  
ONGOING REPORTS**

Authority	Report Description	Reporter	Submitted to:	Due date	Frequency	Latest Received	Next Due	Category
36 MRSA §113.1	Amounts collected and cost incurred in §113 contract audit and collection programs	STA	TAX & AFA	Not specified	Annually	8/4/2020	2021	Admin
36 MRSA §151-C	Activities of the taxpayer advocate	taxpayer advocate	Gov and TAX	1-Aug	Annually	8/12/2020	8/1/2021	Admin
36 MRSA §151-D	Activites of the Board of Tax Appeals	Board of Tax Appeals	Gov, STA and TAX	1-Jan	Annually	1/23/2020	1/1/2021	Admin
36 MRSA §194	Costs of creating and maintaining and tax revenue collected by using data warehouse	STA	AFA and TAX	Not specified	Annually	1/5/2017	Repealed PL 2017, c. 211 §E-2	Admin
36 MRSA §194-A	MRS consultation with AG regarding a significant change in policy, practice or interpretation of SUT law that would result in additional revenue and issues for which consultation was sought	MRS	TAX	Jan 15th	Annually	1/4/2017	Repealed PL 2017, c. 211 §E-3	Admin
36 MRSA §199-B.1	Summary, analysis and recommendations regarding tax expenditures	BRS	TAX	Feb. 15th	Odd-years	2/15/2019	2/15/2021	Tax Expenditures
36 MRSA §200.1	Overall incidence of state, local and county taxes and impact of tax system on income classes of individual taxpayers and on business and industrial sectors (now combined with tax expenditure report)	BRS	TAX & AFA	Jan 1st odd numbered years	Odd-years	2/15/2019	2/15/2021	Tax burden
36 MRSA §208-A.6	Information concerning requests by municipalities for adjustment of state valuation due to sudden and severe disruption of value	BRS	TAX	1-Feb	Annually	8/24/2020	2/1/20121	PT
36 MRSA §1121	DOAFRR and MRS shall periodically review participation and experience with farm and open space program; MAY report to TAX	DoAFRR and MRS	TAX	discretionary	periodically	none ???	report is optional	PT current use
36 MRSA §1283	Inventory of real estate acquired for nonpayment of property taxes in UT (takes form of annual legislation)	STA	LEG	15 days after convening	annually	2020 LD 2012	2021	PT - UT
36 MRSA §1604	Bill listing requests of state agencies and counties for municipal cost components	Fiscal Admin of UT	LEG	1-Mar	Annually	3/17/2020 LD 2161	3/1/2019	PT - UT
36 MRSA §1608	Financial report of the status of the Unorganized Territory Education and Services Fund	Fiscal Admin of UT	LEG County comms	1-Mar	Annually	2020 online	March 2021	PT -- UT



**TAXATION COMMITTEE REPORTS  
ONGOING REPORTS**

Authority	Report Description	Reporter	Submitted to:	Due date	Frequency	Latest Received	Next Due	Category
36 MRSA §4641-N	Revenues credited to <b>HOME Fund</b> and manner in which funds are used	MeSHA	TAX	1-Apr	Biennially - Beginning 1987	4/11/2019	4/1/2021	RETT
36 MRSA §5219-LL	Annual Report of the Primary Care Access Credit Program	commnsr DHHS	TAX	15-Jan	Annually beginning in 2016	2/3/2020	1/15/2021	Tax Expend
36 MRSA §5219-QQ	Major business headquarters credit	STA	TAX	31-Dec	Annually beginning 2019	12/31/2019	12/31/2020	Tax expend
36 MRSA 5219-VV	Food processing and manufacturing credit	Commisnr DECD	TAX OPEGA	1-Apr	Annually beginning in 2020	3/23/2020	4/1/2020	Tax expend
36 MRSA §6664	Information on recipients of benefits under <b>both BETR and a TIF</b>	STA	AFA TAX	1-Apr	Annually Beginning 2006	3/30/2017	4/1/2018	Tax Expend
36 MRSA §6854	Data on employment levels and qualified investment amounts under <b>shipbuilding facility credit</b> <i>See reports in 5 MRSA §13070-J (EDIC report)</i>	STA	TAX	During 1st Reg session	Biennially		incl in §13070-J report	Tax expend
36 MRSA 7302	Progress made by the State, municipalities, counties and school administrative units in achieving <b>tax burden reduction</b> goals in §7301 ( <i>included as part of LD 1 Report</i> )	GOPM	Not specified	Not specified	Not specified	1/17/2017 Repealed PL 2017, c. 284, §GG-6	Repealed	tax burden
36 MRSA §7302.2	Progress made by State, counties, municipalities and SAUs in achieving <b>tax burden reduction goals and recommendations</b> on strategies to achieve tax reduction goals ( <i>included as part of LD 1 Report</i> )	GOPM	TAX and Gov	15-Jan	Annually beginning 2006	1/17/2017 Repealed PL 2017, c. 284, §GG-6	Repealed	tax burden
36 MRSA §7302.3	Information and analysis regarding government spending and behavior and trends relative to tax/spending limitations ( <i>included as part of LD 1 Report</i> )	GOPM	TAX and Gov	Not specified	Annually	1/17/2017 Repealed PL 2017, c. 284, §GG-6	Repealed	tax burden

**TAXATION COMMITTEE REPORTS  
ONGOING REPORTS**

Authority	Report Description	Reporter	Submitted to:	Due date	Frequency	Latest Received	Next Due	Category
5 MRSA §13070-J	Information on tax expenditures for Job and Investment Tax Credit, the Research Expense Tax Credit, Seed Capital Tax Credit, ETIF, fishery infrastructure credit, shipbuilding credit, and the Business Equipment Tax Reimbursement Program (BETR) (EDI - MRS)	STA	LEG	1-Oct	Separate report repealed 20017. Info now in tax expenditure report due 2/15 odd numbered years	10/1/17 BETR list online only MRS site		Tax Expend
5 MRSA §13070-J	Governor's training initiative (26 MRSA c.25, sub-c. 4) <b>EDI - Labor</b>	Comm of Labor	LEG	1-Oct	Annually	???		Tax Expend
5 MRSA §13070-J	Maine Quality Centers (20-S, c. 431-A) <b>EDI-MCCS</b>	Com College System	LEG	1-Oct	Annually	???		IT - Credit
5 MRSA §13090-L, sub-§ 7	Maine State Film office must report on the <b>visual media production tax credit and reimbursement</b> activities (Title 36, section 5219Y and chapter 919A) including rulemaking activity, outreach to companies, the number of applications for credit and tax reimbursement, the number of credits and reimbursements granted, the revenue loss associated with the credit and reimbursement and the amount of visual media production expenses generated as a result of the credit and reimbursement	Maine State Film Office	TAX	15-Jan	Annually	1/15/2019	1/15/2020	Tax Expend

**TAXATION COMMITTEE REPORTS  
ONGOING REPORTS**

Authority	Report Description	Reporter	Submitted to:	Due date	Frequency	Latest Received	Next Due	Category
12 MRSA §685-G	Annual Report of Funding for Land Use Planning Commission Services	LUPC	TAX and ACF	15-Jan	Annually	1/15/2020 Received from Karen Nadeau 10/20/20-- does not appear to have been received by TAX	1/15/2021	UT
27 MRSA §511 sub-§5.B	Historic Preservation Commission to report biannually by January 15th analyzing the use of tax credits and the relationship between the costs of the credit and revenues generated by the rehabilitation including recommendations whether tax credit should be extended, repealed or amended and include specific proposals for funding the credit	Hist Pres Commiss	TAX	15-Jan	biannually beginning in 2013	2/28/2020	1/15/2021	tax expend
27 MRSA §511 sub-§5.A	Historic preservation report of data regarding affordable housing projects approved	Hist Pres Commiss	TAX	1-Mar	annually	2/28/2020	3/1/2021	Tax Admin
7 MRSA §3906-B	Companion Animal Sterilization Fund. Summary of animal cruelty cases shelter intakes sterilizations and euthanizations and finances of Fund	Comm of Agriculture	TAX and ACF	1-Mar	Annually	2/27/2015	3/1/2016	tax expend
10 MRSA §1100-T.6	Seed capital tax credit. Activity under the seed capital tax credit program: investment; persons employed, jobs retained or created, payroll; and sales revenue	FAME	TAX	Not specified	Annually	10/1/2020	10/1/2021	tax expend
3 MRSA §999.1	Tax expenditure review -- preliminary report on full tax expenditures reviewed in calendar year	OPEGA	TAX and GOC	31-Dec	Originally due annually.		Amended in 2017 to eliminate due date and defer to availability	tax expend
3 MRSA §999.2	Tax expenditure review -- final report to TAX on full tax expenditure review	GOC	TAX	1-Jun	Originall due annually		Amended in 2017 to eliminate due date and defer to availability	tax expend

**TAXATION COMMITTEE REPORTS  
ONGOING REPORTS**

Authority	Report Description	Reporter	Submitted to:	Due date	Frequency	Latest Received	Next Due	Category
3 MRSA §1000.2	Tax expenditure review -- report info on expedited expenditure review	OPEGA	TAX	7/1/2017 changed to 12/15 in 2019	Annually beginning in 2016	7/1/2019	7/1/2020	tax expend

**130th Maine Legislature  
First Regular Session**

**COMMITTEE RULES OF PROCEDURE**

Sections, subsections and paragraphs of the model committee rules affected by the COVID/electronic meeting addendum are denoted by an asterisk \*.

**NOTICE REGARDING COMMITTEE RULES OF PROCEDURE**

**Joint Rule 304** provides that at the beginning of each legislative biennium, the presiding officers shall establish procedures that govern public hearings, work sessions and confirmation hearings. Once established, copies of the procedures must be sent to the committees, the Secretary of the Senate, the Clerk of the House and the Executive Director of the Legislative Council. A committee by majority vote may make exceptions to the rules and notify the presiding officers of exceptions to the rules. Final committee rules must be posted and made available upon request at all public hearings and work sessions.

The rules of procedure in committee are the same as the rules of the Senate and the House of Representatives to the extent applicable. Committee procedures must be consistent with these rules.

**1. Chair presides.** Pursuant to Joint Rule 302, the Senate chair shall preside and in the Senate chair's absence, the House chair shall preside and, thereafter, as the need may arise, the chair shall alternate between the members from each chamber in the sequence of their appointment to the committee.

**\*2. Quorum.** The following defines a quorum and when it is required.

A. A quorum is 7 members of the committee, one of whom must be a Senator. A quorum must be present to start a meeting. If 7 members of the committee are present but there is not a Senator among those present, the committee may start a meeting only:

(1) with the authorization of the President of the Senate; or

(2) after notifying the Office of the President of the Senate that no Senators are present and after 30 minutes has passed since the time the notice was given.

A quorum is not required to continue a meeting.

B. A quorum is not required for a vote on a motion to adjourn. All other votes require a quorum; if 7 members of the committee are present but there is not a Senator among those present, the committee may take such a vote only with the authorization of the President of the Senate.

**3. Attendance.** It is each committee member's responsibility to notify the committee clerk whenever the member is unable to attend a public hearing or work session.

**4. Scheduling of hearings and work sessions.** Joint Rules 304 and 305 govern the scheduling and notice of public hearings and work sessions.

A. The Senate chair with the agreement of the House chair and the assistance of committee staff shall schedule legislative documents for public hearings and work sessions. If the chairs do not reach an agreement, the committee shall decide by majority vote of the membership.

B. In accordance with Joint Rule 305, the presiding officers jointly establish authorized meeting days. The committee may meet only on authorized meeting days unless the presiding officers authorize an exception in writing.

C. Public hearings must be advertised 2 weekends in advance of the hearing date. All exceptions to this requirement require advance approval of both presiding officers.

D. The committee clerk shall:

(1) Distribute a weekly schedule to all committee members providing a detailed list of hearings and work sessions that have been scheduled for the following week;

\* (2) Post the weekly schedule outside the committee room and arrange for its posting at any other locations designated by the Legislature;

(3) Notify the sponsors of legislation of the date and time of the public hearing. Whenever possible, this notice must be at least 2 days in advance of the hearing; and

(4) Provide timely notice to the sponsors of the date and time of work session(s) on the legislation.

E. The committee shall provide reasonable access for persons with disabilities at its meetings and allow adequate time for participation by persons with disabilities.

F. Pursuant to Joint Rule 305 and Maine's freedom of access laws (Maine Revised Statutes, Title 1, chapter 13, subchapter 1), the committee may not hold a hearing or conduct a work session for which notice has not been posted.

**5. Questions of order.** Pursuant to Joint Rule 304, the presiding chair shall decide all questions of order, subject to appeal to the committee. The chair's ruling stands unless overruled by a majority of the committee membership.

**6. Smoking and eating restrictions.**

A. Pursuant to 22 MRSA §1542, smoking is prohibited in all committee rooms and committee offices. Smoking is prohibited in the Cross Building and the State House and on the grounds of the State House complex except in outdoor areas specifically designated as smoking areas.

B. Members of the public may not consume food or beverages, except for water, in the committee rooms.

C. Committee members may not consume food or beverages in committee rooms except as follows:

- (1) During public hearings, committee members may consume water only;
- (2) During work sessions, committee members may consume beverages; if a work session extends past 6:00 p.m., committee co-chairs may permit members to consume food and beverages; and
- (3) The co-chairs of the Appropriations Committee or the chair of the Legislative Council, as applicable, may permit the consumption of food and beverages in Room 228 and Room 334 at any time.

**\* 7. Procedures for public hearings.** The purpose of a public hearing is to invite public comments on proposed legislation or gubernatorial nominations pending before the committee. Joint Rule 304 governs the public hearing process.

- A. Each person testifying shall announce his or her name, residence and affiliation prior to testifying. The person also shall either sign the sheet maintained by the committee clerk or otherwise provide that information to the committee clerk to place in the committee files.
- B. Legislators and persons in the audience must be addressed by their title.
- C. Pursuant to Joint Rule 307, all written materials presented to the committee must bear the name, address and affiliation, if applicable, of the presenter and the date presented. Persons submitting written materials shall provide the committee clerk with *at least 20 copies*.
- D. All questions must be addressed through the chair. Pursuant to Joint Rule 304, the chair may limit testimony at public hearings as necessary for the orderly conduct of the hearing.
- E. Committee members may question witnesses to clarify testimony and to elicit helpful and pertinent information. While probing questions may sometimes be appropriate, members shall show respect at all times for the witnesses and for one another. Members shall refrain from questioning that is argumentative, oppressive, repetitive or unnecessarily embarrassing to hearing participants. Advocacy and discussion among members are not appropriate at public hearings. A committee member who is the primary sponsor of a legislative document and any member who testifies for or against the legislative document ordinarily should refrain from questioning other witnesses.
- F. Committee members and members of the public shall refrain from making or receiving phone calls during public hearings.
- G. Procedures for public hearings on nominations of gubernatorial appointments are governed by statute and the Joint Rules.

**\*8. Procedures for work sessions.** The purpose of a work session is to provide an opportunity for the committee members to deliberate on legislative documents and other matters pending before the committee.

A. All questions must be addressed through the chair.

B. Because work sessions are primarily for deliberation on bills and other committee matters by the committee members and for working with the committee analyst, members of the audience may not participate except at the invitation of the chair.

**9. Reports.** Joint Rule 310 governs committee reports. The committee shall report out every legislative document referred to it, in accordance with reporting deadlines established by the presiding officers and the Joint Rules. The report of the committee must include a recommendation. When a vote is taken on a legislative document, the committee clerk shall record the vote.

A. Recommendations that may be made are:

Ought to Pass;  
Ought to Pass as Amended;  
Ought to Pass in New Draft;  
Ought Not to Pass;  
Refer to Another Committee; or  
Leave to Withdraw.

Necessary fiscal notes must be incorporated into the committee report before the bill is reported out.

B. Except for Leave to Withdraw, the committee shall vote on all recommendations to be included in reports on a legislative document during a work session on that legislative document.

Votes may not be taken after 10:30 p.m. or before 7:30 a.m. unless first authorized jointly by the presiding officers.

C. In accordance with Joint Rule 310(6) a sponsor may request Leave to Withdraw the sponsor's bill or resolve before it is advertised for a public hearing. The request may be granted only by the agreement of both chairs. When a request for Leave to Withdraw has been granted by the chairs, the bill or resolve is reported out as Leave to Withdraw.

\*D. If all members are not present for the vote, the bill must be held in committee until the following periods have expired.

\*(1) If a member is absent from the committee at the time of the vote, the member may register that member's vote with the clerk up until noon on the 2nd business day following the vote.

(2) If the presiding officers jointly determine that operational needs of the Legislature so require, they may require that a member who was absent from the committee at the time of



the vote register that member's vote by noon on the next business day following the committee vote.

E. If the vote is not unanimous, more than one report is required. In accordance with the Joint Rules, minority reports must be voted on at the same work session as the majority report on the bill, except as provided in paragraph D. Notwithstanding paragraph D, a committee vote to report a bill favorably must be taken based on written language before the committee at that time or on a motion describing the content of the report.

F. A member may abstain from voting only if the member has a conflict of interest as described in Joint Rule 104.

\*G. The committee clerk shall prepare the committee jacket or jackets following the vote and obtain signatures from committee members as required.

H. All committee reports must be reviewed at a work session or otherwise distributed to all committee members. The committee shall ensure that all committee reports are available for review by the public no later than when the report is submitted to the Legislature.

I. After a committee vote, no substantive change may be made in the committee report unless motions to reconsider and to amend the report are approved at a committee work session.

J. All reports on any legislative document must be submitted to the Legislature at the same time and within applicable reporting deadlines established by the presiding officers.

**10. Joint referral of bills:** Bills with subject matter that overlap committee jurisdictions may be referred jointly to more than one committee. In those cases, Joint Rule 308(3) makes specific provisions for the conduct of public hearings and work sessions and for the reporting out of the bills.

**11. Participation in the budget process:** Committee participation in development of budget legislation is governed by Joint Rule 314. Joint Rule 314 also governs the process by which the committee notifies the Appropriations Committee of its priority for committee bills that are placed on the Special Appropriations Table.

**12. Procedures for review of gubernatorial nominations.** The committee shall review gubernatorial nominations in accordance with the requirements of the Maine Constitution, Art. V, Part 1st, §8; the Maine Revised Statutes Title 3, Chapter 6; and Part 5 of the Joint Rules.

**13. Use of the committee room:** During the legislative session, committee chairs and other committee members shall coordinate the use of the committee room with the committee clerk. At all other times, use of committee rooms must be coordinated through the Legislative Information Office.

**14. Confidentiality.** The committee shall protect confidential records in accordance with procedures set forth in Joint Rule 313 and freedom of access laws, the Maine Revised Statutes, Title 1, chapter 13, subchapter I.

Committee rules adopted by the Joint Standing Committee on \_\_\_\_\_

Date:

By:

Senate Chair: \_\_\_\_\_ House Chair: \_\_\_\_\_

\*A copy of the adopted Committee Rules of Procedure must be posted in the committee room and be available for public review.

+++++

*If the committee proposes any changes to the rules, the changes must be identified and presented to the presiding officers.*

*PROPOSED CHANGES?*

*No* \_\_\_\_\_

*Yes* \_\_\_\_\_

*IF YES, REVIEWED AND AGREED TO BY:*

\_\_\_\_\_  
President of the Senate

Date: \_\_\_\_\_

\_\_\_\_\_  
Speaker of the House

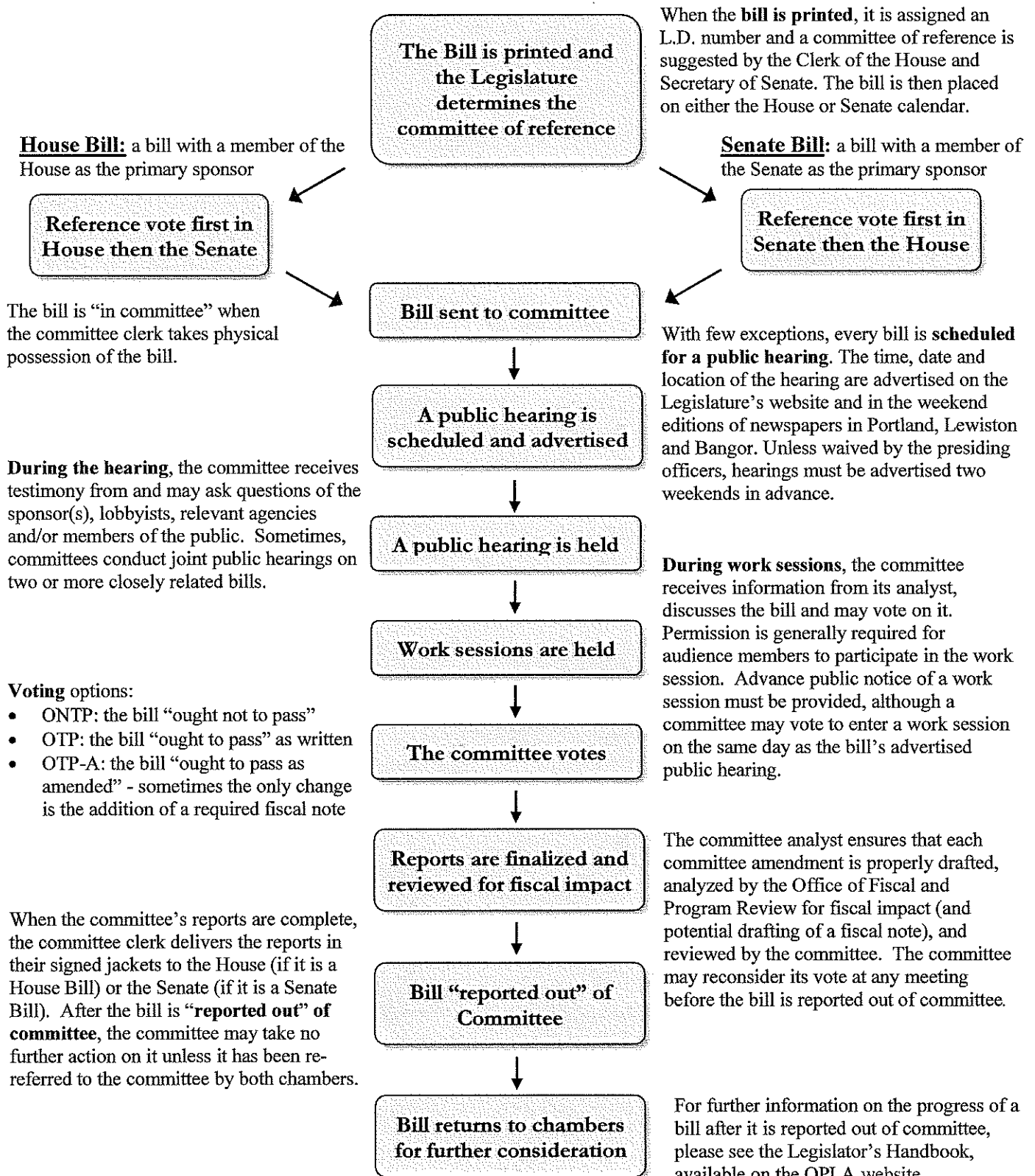
Date: \_\_\_\_\_

Explanation/Guide to **DRAFT** COVID Addendum to Model Committee Rules (CR)

Addendum provision	Rationale -- affected committee rule (CR)
<p><b>1. Definitions</b></p> <p>A. For the purposes of electronic meetings, the following words in the addendum and the model committee rules of procedure have the following meanings.</p> <p>(1) Present. A member is considered present at a meeting when in attendance using the electronic platform utilized for the meeting (Zoom) and when the member's identity is visually verifiable on the electronic platform.</p> <p>(2) Absent. A member is considered absent from the meeting when the member is not in attendance using the electronic platform, even if the member is physically in the room where the committee normally conducts meetings, or when the member's identity is not visually verifiable.</p>	<p>These definitions would be generally applicable to any part of the Committee Rules (CR) that refers to a quorum or a vote in the context of an electronic meeting</p>
<p><b>2. Votes</b></p> <p>A. A vote by the committee must be taken in a manner that provides opportunity for members and those observing the meeting to either see or hear how each committee member present chooses to be recorded (in favor/opposed).</p>	<p>This provision on what constitutes a vote is also generally applicable and is intended to mirror to the greatest extent possible how members of the public and committee members observe a vote during a regular meeting.</p> <p>A stricter requirement for a roll call on every vote is also an option.</p>
<p><b>3. Scheduling</b></p> <p>A. Notwithstanding CR 4 (D)(2), the committee clerk shall post the weekly schedule to the Committee's page on the Legislature's website  <a href="http://mainelegislature.org/committee/#Committees">http://mainelegislature.org/committee/#Committees</a></p>	<p>Currently, the committee clerk is required to post the weekly schedule "outside of the committee room"</p>
<p><b>4. Procedures for Public Hearings</b></p> <p>A. Notwithstanding CR 7 (A), each person testifying shall announce his or her name, place of residence and affiliation prior to testifying. The committee clerk shall maintain a record of this information to place in a committee file associated with the LD or nomination.</p> <p>B. Notwithstanding CR 7 (C), a person presenting written testimony to the committee is not required to provide the clerk with 20 or more printed copies</p>	<p>This addresses a procedure that can require a person testifying to put information on a testimony sign-in sheet (located in the committee room).</p>

<p>C. In accordance with CR 7 (D), questions must be addressed through the chair and must be asked orally only by members of the committee present at the hearing.</p>	<p>It also addresses the requirement that person testifying bring at least 20 copies of any written testimony they wish to present.</p> <p>Paragraph C adds to the requirement that questions are posed through the chair to ensure that questions are asked orally (and not through a chat function (otherwise those just listening or watching on zoom will not hear the question or from whom it came). It also clarifies that only members can ask questions (since the physical distinction of sitting at the horseshoe no longer makes this procedure obvious)</p>
<p><b>5. Procedures for Work Sessions</b></p> <p>A. In accordance with CR 8 (A), questions and discussion are made with leave of the chair and must be asked orally only by members of the committee and committee staff present at the work session.</p> <p>B. In accordance with CR 8 (B), members of the audience may not participate in the work session, including participation using a communication function (such as Zoom chat) embedded in the electronic meeting platform, except at the invitation of the chair.</p> <p>C. Notwithstanding CR 9 (G), the committee clerk shall obtain a member's approval of a committee report by electronic means as required.</p> <p>D. A member who was absent at the time of vote and later registers that member's vote with the clerk as provided by CR 9 (D)(1), shall register that member's vote in the same manner as authorized under paragraph C.</p>	<p>Similar to PH procedure, this addition to the rules in the addendum ensures discussion occurs through the chair, by members and staff only, and in a manner that the public can observe who is saying what.</p> <p>This addition provides for members to approve committee reports by electronic means, and for members who later register their votes with the clerk time to use the same electronic means.</p>

# The Flow of Legislation through the Committee Process



## Frequently Asked Questions about Legislative Analysts

### What do Legislative Analysts do?

- We provide professional nonpartisan staffing for legislative committees, designated subcommittees and study commissions. Analysts from the Office of Policy and Legal Analysis (OPLA) staff all joint standing committees except the Taxation and Appropriations and Financial Affairs Committees, which are staffed by analysts from the Office of Fiscal and Program Review (OFPR).
- We are part of the Legislative Council's nonpartisan staff and we are hired specifically to work with and for all legislators in a nonpartisan fashion in accordance with strict Legislative Council policies.
- We work with individual committee members and other legislators in accordance with strict Legislative Council policies governing confidentiality and nonpartisanship.
- We do just about everything you can imagine professional, nonpartisan committee staff doing. We:
  - Assist committee chairs in facilitating the committee process and organizing (scheduling) committee work to keep things moving forward in as logical and efficient a fashion as possible;
  - Provide nonpartisan policy and legal analysis of legislation and issues before the committee, identifying and providing information on public policies and legal issues that may appear in legislative proposals;
  - Draft committee papers, including committee amendments (unanimous reports, majority reports, minority reports – we draft them all), committee bills, reports and other correspondence;
  - Assist committees in understanding what legislative proposals (bills, resolves, amendments) propose to do and how they fit into current law; and
  - Collect information requested by the committee, or individual legislators, related to legislative proposals and related issues.

### What are some examples of things Legislative Analysts do that I might not realize they do?

- We work with interested parties to identify where there are agreements or disagreements on items within legislative proposals and report this information back to the committee (this can save time for the committee when it wants to find out if there are items on which all sides might agree). Of course, the committee makes the decisions, not interested parties or committee staff.
- We summarize policy options and questions in an organized fashion so that the committee can work through a complex subject in an efficient and productive fashion.
- We conduct research during the interim between sessions on issues of importance to the committee at the request of the committee, with the approval of the Legislative Council.

### Is there anything I shouldn't ask a Legislative Analyst to do?

- If in doubt about what we can do for you, ask us. We are here to help in any way we possibly can. Again, your conversations with us are confidential. If it turns out that you need something that we really cannot provide (for example, partisan policy advice), we can suggest other people or other resources that may be helpful to you.
- Remember we are nonpartisan staff. This means that we cannot and do not act in any manner, inside or outside the legislative context, that is or could appear to be partisan.

### **When do Legislative Analysts do their work?**

- Legislative Analysts are year-around employees:
  - During the session, our primary responsibility is staffing the committees: when the committee or any subcommittee is meeting, we are with them (except for confirmation hearings).
  - During the interim, we staff legislative study commissions and any interim meetings of the committees. We also complete a number of other interim projects, such as summarizing all the bills and amendments considered in the prior session.
- During session, the Legislature needs to accomplish a lot of work within a limited time and our work often extends beyond regular office hours.

### **Where do Legislative Analysts do their work?**

- Analysts are in the room (or virtual meeting platform) with committee members during committee meetings (including public hearings, work sessions, briefings and other meetings, except for confirmation hearings, which we do not staff).
- When not in committee meetings (note: analysts may staff more than one committee), we are typically working in our offices. Call or email – we are here for you.
- 
- You can find information about the offices and contact information for individual staff at
  - OPLA: <http://legislature.maine.gov/opla/>
  - OFPR: <http://legislature.maine.gov/ofpr/>
- Office Locations and Phone Numbers

OPLA	Cross Office Building, 2 <sup>nd</sup> Floor, Room 215 (farthest offices on South side of the 2 <sup>nd</sup> floor)	(207)287-1670
OFPR	State House, 2 <sup>nd</sup> Floor, Room 226 (adjacent to AFA Committee Room)	(207)287-1635

# Office of Fiscal and Program Review

**Mailing Address:** 5 State House Station  
Augusta, Maine 04333-0013

**Physical Location** State House, Room 226

**Telephone:** (207) 287-1635

**Fax:** (207) 287-6469

**Website** <http://legislature.maine.gov/ofpr/>

The Office of Fiscal and Program Review (OFPR) is a nonpartisan office established to provide independent, accurate and objective information and analyses to members of the Maine State Legislature with respect to historical, current, projected and proposed appropriations, expenditures, taxes and revenue, as well as other fiscal information requested.

## Function and services

### Committee Staffing

- Staffs the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Taxation;
- Staffs the Joint Standing Committee on Transportation and the Joint Standing Committee on Health and Human Services during budget deliberations;
- Provides fiscal and budget assistance to other committees as needed;
- Staffs the Revenue Forecasting Committee (two OFPR staff serve on the committee as members); and
- Staffs study groups, task forces and conference committees as assigned by the Legislative Council.

### Fiscal Tracking of Legislation

- Analyzes bills and amendments for fiscal impact to produce a fiscal note that summarizes the fiscal impact on state and local government finances; and
- Identifies, tracks and provides reports on bills that are subject to or placed on the Special Appropriations Table and the Special Highway Table.

### Fiscal Monitoring, Analysis and Reporting

- Assists the Appropriations Committee in fulfilling their statutory obligation to review the Financial Orders generated by the executive branch and approved by the Governor;
- Provides regular reporting on budgeted and actual fund balances, revenue performance, cash balances and spending of major state programs;
- Responds to inquiries from legislators, legislative staff and the general public regarding the financial position of the state and state programs; and
- Tracks and reviews the many reports required to be provided to the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Taxation by various departments and agencies.

## Publications

OFPR's primary publications include:

- Compendium of State Fiscal Information (updated annually);
- Summary of Major State Funding Disbursed to Municipalities and Counties (updated annually);
- The Budget Process (updated biennially); and
- The Fiscal Note Process: An Overview (updated biennially).



# Office of Policy and Legal Analysis

**Mailing Address:** 13 State House Station  
Augusta, Maine 04333-0013

**Telephone:** (207) 287-1670

**Fax:** (207) 287-1275

**Physical Location:** Cross Office Building, Room 215

**Website:** <http://legislature.maine.gov/opla>

## Who we are

The Office of Policy and Legal Analysis (OPLA) is a nonpartisan staff office of the Maine Legislature operating under the auspices of the Legislative Council. OPLA staff are prohibited from taking or advocating political positions on policy issues or engaging in any activities that might be construed as partisan or political. OPLA staff observe strict confidentiality policies and guidelines.

## What we do

OPLA provides nonpartisan professional legislative committee staffing services to the Legislature. In particular, OPLA staffs all the joint standing committees of the Legislature (except the committees with jurisdiction over appropriations and financial affairs and taxation issues) and provides other related services to support the Legislature.

Committee staff services include:

- Providing nonpartisan policy and legal research and analysis of legislation and issues before the committee and assisting the committee with its consideration of legislation;
- Drafting committee papers, including committee amendments, committee bills, reports and other correspondence;
- Assisting committees in oversight of state agencies, including reviewing agency budgets and rulemaking and conducting State Government Evaluation Act (GEA) reviews and quasi-independent state entity reviews; and
- Assisting committee chairs in facilitating the committee process and organizing committee work.

Other OPLA services include:

- Assisting individual legislators with drafting and information requests;
- Providing staffing for interim legislative study commissions, including providing nonpartisan policy and legal research and analysis of study issues, assisting commission chairs with scheduling and drafting study reports;
- Conducting staff studies (policy and legal analysis of issues) during the Legislative interim;
- Assisting the Revisor of Statutes in drafting legislative bill requests; and
- Preparing and presenting reports to legislative leadership on the status of committee work on bills.

## Publications

OPLA's primary publications include:

- Legislators' Handbook (updated biennially);
- Bill Summaries and Enacted Law Summaries (prepared annually after adjournment); and
- Reports of legislative study commissions (one-time, or annually for ongoing studies).

# Office of Program Evaluation and Government Accountability

**Mailing Address:** 82 State House Station  
Augusta, Maine 04333-0082

**Telephone:** (207) 287-1901

**Physical Location:** Cross Office Building, Room  
104/105

**Website:** <http://legislature.maine.gov/opega>

## Who we are

The Office of Program Evaluation and Government Accountability (OPEGA) is an independent, nonpartisan legislative office established and governed by 3 M.R.S.A. §§991-1001. With a focus on effectiveness, efficiency, accountability and economical use of resources, OPEGA conducts independent, evidence-based, objective reviews of state agencies, programs and activities to support the Legislature's oversight role monitoring and improving the performance of state government. Within this context, OPEGA also evaluates program compliance with laws, regulations, policies and best practices. OPEGA serves, and is overseen by, the Government Oversight Committee (GOC), which reviews and approves the office's annual work plan, directs the office to conduct program evaluations and receives reports produced by the office.

## What we do

OPEGA strives to provide timely, informative evaluation reports that are of high value to the Legislature and that support its oversight responsibilities. OPEGA's primary functions include:

### Performance Audits, Program Evaluations, Tax Expenditure Evaluations

- At the direction of the GOC, conducting independent and objective performance audits, evaluations and assessments of state agencies, programs and activities, which may also include other entities receiving public funds administered by the State or expending private monies for public purposes;
- Pursuant to statute, conducting evaluations of tax expenditure programs and economic development incentives; and
- Producing and presenting final written reports of performance reviews and program evaluations with detailed findings and results.

### Government Oversight Committee Staffing

- Providing direct staffing to the GOC, with OPEGA's administrative secretary serving as the GOC committee clerk;
- Coordinating committee meetings, including preparing meeting materials and providing requested research; and
- Providing thorough, public presentations of OPEGA reports.

## Review requests

Legislators can call OPEGA directly at 207-287-1901 to discuss submitting a review request to the GOC or visit OPEGA's website at <http://mainelegislature.org/opega/> and click on the "Request for a review" link on the left-hand side of the page.

## Publications

OPEGA's primary publications include:

- Reports and information briefs from OPEGA performance reviews and program evaluations; and
- Annual reports on OPEGA activities and performance.

## Committee Bills

A committee bill is a bill that originates in committee and is introduced to the Legislature by the committee.

### Sources of authority to report out a committee bill

- **Joint order.** A joint order that has been passed by both chambers may authorize or direct a committee to report out a bill (typically on a designated subject).
- **Law.** A provision of law (Public Law or Resolve) may authorize a committee to report out a bill.
- **Joint Rule.** Under Joint Rule 353, as adopted by the 130th Legislature, a committee of jurisdiction may report out a bill to implement recommendations of a Legislative study or other study required by law.

### Process to report out a committee bill

A majority vote is required to report out a committee bill. There are two key approaches to reporting out a committee bill:

1. **Report out for Reference Back.** This is the typical approach. In this approach, the committee votes to report out a committee bill for the purpose of having it printed as an LD and referred back to the committee for public hearing and work session. The vote to report out the bill is a procedural vote, not a final recommendation on the substance of the bill. If a committee wishes, it can include language in the bill summary indicating that the committee is not taking any position on the bill and is only reporting out the bill out to have it printed and referred back to committee; this language is optional and entirely up to the committee (see next page for sample).
2. **Report out with Final Recommendation.** Alternatively, a committee may vote to report out a committee bill for the purpose of sending it to the floor with a final recommendation on the substance of the bill. In this case, the committee conducts its work on the bill as a proposal or draft bill (rather than a printed LD). After being reported out, the bill is not referred back to committee but is directly taken up on the floor. There are several things for the committee to consider regarding this approach.
  - a) Processing a bill in committee as a proposal or draft bill can sometimes be confusing for the public, since there will not be an LD that the public can find in the Legislature's online bill status system until after the committee has reported it out.
  - b) If the committee wishes to hold a public hearing on a proposal or draft bill, it needs to obtain the express written approval of the Presiding Officers.
  - c) If a committee bill is reported out to the floor with a final recommendation and there is a divided report, the majority report will be printed as the LD and any minority report (other than ONTP) will be drafted as an amendment to the bill.

### When a committee bill goes to the floor

When a committee bill is reported out, it is introduced in the chamber where the law or joint order that enabled the committee to report the bill out originated. If the typical approach is used (the committee bill is reported out for reference back to committee), the bill goes through the reference process in the House and Senate and generally is referred back to the committee. If the alternative approach is used (the committee bill is reported out with a final recommendation), the bill is directly taken up for action by the House and Senate.

## **SAMPLE SUMMARY**

### **COMMITTEE BILL REPORTED OUT FOR REFERENCE BACK (COMMITTEE IS NOT TAKING POSITION ON SUBSTANCE OF THE BILL)**

#### **SUMMARY**

This bill is reported out by the Joint Standing Committee on [*committee name*] pursuant to [*authority for legislation*].

The committee has not taken a position on the substance of this bill. By reporting this bill out the committee is not suggesting and does not intend to suggest that it agrees or disagrees with any aspect of this bill. The committee is reporting the bill out for the sole purpose of having a bill printed that can be referred to the committee for an appropriate public hearing and subsequent processing in the normal course. The committee is taking this action to ensure clarity and transparency in the legislative review of the proposals contained in the bill.

## Fiscal Notes in the Committee Process

### What is a fiscal note?

A fiscal note is a brief description of the effect of a bill or amendment on the finances of Maine State Government (costs, savings and/or revenue increases or decreases) and any costs incurred by local units of government if the bill constitutes a potential state mandate. All fiscal notes are prepared by the nonpartisan Office of Fiscal and Program Review (OFPR) and are intended to describe accurately and objectively the fiscal impact of bills and amendments.

### Committee process

Although not required, OFPR may produce preliminary fiscal impact statements, which are distributed to the bill's sponsor and the committee of reference. Given time constraints, these are generally produced only for bills with readily available information and requiring less complex reviews. These are not final fiscal notes but provide a preliminary assessment of the bill's fiscal impact, if any. The preliminary fiscal impact statement indicates whether the bill, if it proceeds unchanged, will require a fiscal note.

Under Joint Rule 312, OFPR prepares a fiscal note if the office determines that a bill or amendment receiving a favorable vote from a committee, or from a majority or minority of a committee, has an impact affecting state revenues, appropriations and allocations or that requires a local unit of government to expand or modify that unit's activities. OFPR will produce the fiscal note and that fiscal note must accompany the bill or amendment when it is reported out of committee. If OFPR's analysis indicates an original bill or amendment without an appropriation or allocation will require positions or other expenditures to accomplish the intended outcome, the fiscal note drafted by OFPR will contain an appropriations and allocations section that identifies what funding is required.

The analyst for the committee will process all bills and amendments through the OFPR fiscal review procedure, ensure that preliminary impact statements and fiscal notes are brought to the attention of the committee and ensure that any required fiscal note and appropriations or allocations section is included with a committee report. The committee may ask the fiscal analyst from OFPR to come to the committee to discuss the fiscal note or the appropriations or allocations section intended to be included as part of committee amendment. After reviewing a fiscal note and any draft appropriations or allocations section, or notes or sections in the case of multiple reports, a committee may report the bill out with the fiscal note or notes or it may reconsider its action and change or eliminate the fiscal impact by making changes to the bill or amendment. Any change will require a new review and revised fiscal note from OFPR.

### Floor process

Legislation with an impact on the General Fund or Highway Fund, as identified in the fiscal note, that has been reported out of committee and received initial approval in both houses will be tabled before final enactment on the Senate's Special Appropriations Table or Special Highway Table. The Joint Standing Committee on Appropriations and Financial Affairs (or Joint Standing Committee on Transportation for the Special Highway Table), with input from the committees of jurisdiction, makes final recommendations to the Senate on which, if any, such legislation should be enacted, not enacted or amended given budgetary considerations.

For more information visit <http://legislature.maine.gov/ofpr/> and click on **Publications**.

# The State Government Evaluation Act (GEA)

## Purpose

Enacting legislation, reviewing agency rules, and appropriating funds are the most familiar ways in which the Legislature directs and conducts oversight of Executive Branch functions. The State Government Evaluation Act (“GEA” or “the Act”) establishes another method through which the Legislature fulfills its duty to serve as a check and balance on agencies that administer state laws. The Act (Title 3, chapter 35 of the Maine Revised Statutes) provides for regular, periodic review of the performance of certain state agencies and independent agencies that receive General Fund money or that are established by statute.

## Process

Each GEA review is conducted by the joint standing committee of jurisdiction. The Act specifies a schedule for conducting reviews of specified agencies and independent agencies (see list of agencies scheduled for review by this Legislature on reverse page) but the reviewing committee may modify this schedule by 2/3 vote.

A committee initiates a GEA review by notifying the agency in writing that it intends to proceed, triggering the agency’s duty to compile and submit a “program evaluation report” by the statutory deadline. This report must include certain types of information specified by the Act (3 M.R.S.A. §956), although the committee may direct that additional information be provided. Often, committees invite agencies to present their reports at a committee meeting, allowing committee members to pose clarifying questions and seek additional information.

The Act (3 M.R.S.A. §957) states that, in conducting its analysis of the report, the committee may consider:

- The extent to which the agency operates in accordance with its statutor authority;
- The agency’s degree of success in meeting its goals and objectives for each program;
- The agency’s degree of success in meeting its statutory and administrative mandates; and
- The extent to which the agency has increased or reduced filing and paperwork burdens on the public.

After completing its review and analysis of the report, the Act (3 M.R.S.A. §955) directs the committee to submit its findings, administrative recommendations and, if applicable, legislation necessary to implement those recommendations, to the Legislature. If it chooses, the committee may also establish in the report a specified time in which the committee will conduct a follow-up review to assess the agency’s progress in meeting the committee’s administrative recommendations.

### **Important Dates: First Regular Session<sup>1</sup>**

#### **By May 1st**

Committee must notify the agency of its intent to review the agency during the 2nd Regular Session.

#### **By November 1st**

Agency must submit the Program Evaluation Report to the committee.

### **Important Dates: Second Regular Session**

#### **By February 1st**

Committee must begin its review of each agency subject to review.

#### **By March 15th**

Committee must submit a final report to the full Legislature.

<sup>1</sup> The Act (3 M.R.S.A. §955) also provides that the committee may, by March 1st in the First Regular Session, request “a single-page list of organizational units and programs within each organizational unit” from the agency. If a request is made, the agency must supply the list by April 1st of the same year.

**Statutory Schedule of Agencies to be Reviewed by the 130th Legislature  
by Area of Committee Jurisdiction (3 M.R.S. §959)**

**Agriculture, conservation and forestry matters**

- No reviews scheduled for 130th Legislature

**Business, research and economic development matters**

- Maine Development Foundation
- Department of Economic and Community Development

**Criminal justice and public safety matters**

- No reviews scheduled for 130th Legislature

**Education and cultural affairs**

- Department of Education
- State Board of Education

**Health and human services matters**

- No reviews scheduled for 130th Legislature

**Inland fisheries and wildlife matters**

- No reviews scheduled for 130th Legislature

**Insurance and financial services matters**

- No reviews scheduled for 130th Legislature

**Judiciary matters**

- No reviews scheduled for 130th Legislature

**Labor matters**

- No reviews scheduled for 130th Legislature

**Legal and veterans affairs**

- No reviews scheduled for 130th Legislature

**Marine resource matters**

- Atlantic States Marine Fisheries Commission
- Department of Marine Resources

**Natural resource matters**

- Saco River Corridor Commission

**Professional licensing of health care professions matters**

- No reviews scheduled for 130th Legislature

**Retirement matters**

- Maine Public Employees Retirement System

**State and local government matters**

- Maine Governmental Facilities Authority
- State Civil Service Appeals Board
- State Claims Commission

**Taxation matters**

- No reviews scheduled for 130th Legislature

**Transportation matters**

- Maine Turnpike Authority

**Utilities and energy matters**

- Public Utilities Commission, including the Emergencies Services Communication Bureau

# How to Read a Bill

## Basic components

A bill is a printed proposal for a law. Every printed bill has certain basic components: the assigned House Paper or Senate Paper number and Legislative Document (L.D.) number; the number of the legislative session; the date of introduction; the name of the committee suggested for reference; the sponsor and any cosponsors; the title; the authority for introduction, if any; the text of the bill; and the summary. Once printed, bills are usually identified and referred to throughout the rest of the session by their L.D. numbers.

## Format

In the bill text, existing statutory language proposed to be repealed is either shown stricken through or clearly identified as being repealed, and all proposed new statutory language is shown as underlined. When a bill proposes to repeal and replace an existing statute or create an entirely new statute, all of the proposed new statutory language is underlined.

## Summary

The summary is a brief, plain language explanation of the content and intent of the bill, which is prepared by nonpartisan staff.

## Concept draft

Joint Rule 208 also permits a legislator to submit a bill as a concept draft. A concept draft is simply a summary of what the sponsor intends to accomplish with the bill; it does not contain the actual language of a proposed law and, therefore, cannot be enacted unless and until such language is appropriately substituted for the concept.

## Example

On the following page is a copy of a bill from the 129<sup>th</sup> Legislature with a description of its various technical components.



When bills are printed, they are assigned Legislative Document (LD) numbers in sequential order from the start of the biennium

**Legislative Document**

**No. 110**

Bills are assigned paper numbers by the body of bill's sponsor (HP=House Paper, SP=Senate Paper)

**H.P. 92**

House of Representatives, January 17, 2019

Title of the bill, providing a brief description

**An Act Regarding Credit Ratings Related to Overdue Medical Expenses**

Suggested legislative committee to review and report recommendations on the bill (suggested by the Clerk of the House and Secretary of the Senate)

Reference to the Committee on Health Coverage, Insurance and Financial Services suggested and ordered printed.

ROBERT B. HUNT  
Clerk

Bill's sponsors and cosponsors

Presented by Representative JOHANSEN of Monticello.  
Cosponsored by Representatives: COLLINGS of Portland, MORRIS of Turner, ORDWAY of Standish, Senator: GUERIN of Penobscot.

Enacting clause

**Be it enacted by the People of the State of Maine as follows:**

Amending clause and history line, showing title and section of law being amended

**Sec. 1. 10 MRSA §1310-H, sub-§3**, as enacted by PL 2013, c. 228, §1, is amended to read:

Strikethrough indicates language being repealed and underscoring indicates language being added

**3. Nonliability.** A person may not be held liable for any violation of this section if the person shows by a preponderance of the evidence that at the time of the alleged violation the person maintained reasonable procedures to ensure compliance with the provisions of subsections 1 ~~and~~ 2 ~~and~~ 4.

Sections of bills affecting a title, section or subsection of the MRSA are arranged in ascending numerical order

**Sec. 2. 10 MRSA §1310-H, sub-§4** is enacted to read:

Underscoring indicates language being added

**4. Reporting of overdue medical expenses on consumer report.**  
Notwithstanding any provision of federal law, a consumer reporting agency may not report debt from overdue medical expenses on a consumer's consumer report in a manner that adversely affects the consumer's credit history or credit rating as long as the consumer is making regular, scheduled periodic payments toward the debt.

Explanation of what the bill does

**SUMMARY**

This bill prohibits a consumer reporting agency from reporting debt from overdue medical expenses on a consumer report in a manner that adversely affects the consumer's credit history or credit rating as long as that consumer is making regular, scheduled periodic payments toward the debt.

## Legislative Oversight of Agency Rules

### Legislative delegation of authority to adopt rules

When it enacts legislation, the Legislature sometimes delegates to a state agency the authority to adopt rules that implement, interpret or make specific the law administered by the agency, or that describe the procedures or practices of the agency. Although referred to as a “regulation” at the federal level, in Maine a “rule” is any judicially enforceable standard, requirement or statement of policy adopted by a state agency. Rules must be consistent with the law under which they are adopted and must be adopted in accordance with the Maine Administrative Procedure Act (APA), Title 5, chapter 375 of the Maine Revised Statutes.

### Categorization of rules as “routine technical” or “major substantive”

When the Legislature enacts a law authorizing or directing a state agency to adopt rules, the Legislature must specifically indicate whether the rules are “routine technical” or “major substantive.” (This requirement was enacted in 1996.) The APA describes routine technical rules as rules that establish standards of practice or procedures for agency business and major substantive rules as rules that require the exercise of significant agency discretion or interpretation or that will cause a significant public impact. However, it is the Legislature that makes the decision about the category of rule when enacting the law authorizing adoption of the rule. The key consideration is whether the Legislature wishes to review the rule before it is finally adopted by the agency (major substantive rules are subject to formal legislative review whereas routine technical rules are not).

### Legislative review of major substantive rules

An agency must submit new major substantive rules and amendments to previously adopted major substantive rules to the Legislature for formal review. The Legislature initiates this review by printing a resolve authorizing adoption of the rule or amended rule and referring the resolve to the committee with jurisdiction over the rule’s subject matter. The committee generally holds a public hearing and work sessions on the resolve in the same manner as it does for other bills and resolves. The APA establishes criteria for the committee to apply in reviewing the rule and in deciding whether to recommend final adoption of the rule as drafted by the agency; final adoption of a part of the rule; final adoption of the rule after certain specified amendments are made to the agency’s draft; or that the agency not finally adopt the rule. For more information on this legislative review process, please see the handout entitled “Legislative Review of Proposed Major Substantive Rules.”

### Annual review of agency regulatory agendas

In 5 M.R.S.A. §8060, the APA also requires each state agency to submit a regulatory agenda to the appropriate legislative committee or committees with jurisdiction over that agency. An agency’s regulatory agenda includes a list of the rules that the agency expects to propose before the next regulatory agenda is issued, the statutory or other basis for adoption of each rule, the purpose of each rule, the anticipated schedule for adopting each rule, a listing of potentially benefitted and regulated parties for each rule and a listing of all rules adopted on an emergency basis since the last regulatory agenda was issued. The regulatory agenda must be submitted on an annual basis between the beginning of a legislative session and 100 days after adjournment. The APA directs the legislative committee receiving a regulatory agenda to review the agenda.

### Annual review of completed agency rulemaking activity

The Legislature also receives and reviews annual lists of agency rulemaking activity in accordance with 5 M.R.S.A. §8053-A. By February 1st of each year, the Secretary of State must provide to the Executive Director of the Legislative Council a list of all rules adopted by each agency during the previous calendar year. The Executive Director refers each list to the appropriate legislative committee for review. After each committee has received a list of rulemaking activity, the committee may require an agency to appear before the committee and may report out legislation in the same legislative session in which the report is received to adjust rulemaking authority related to the rules adopted in the previous calendar year.

# Maine's Freedom of Access Act and the Conduct of the Business of the Legislature

Prepared for the Right to Know Advisory Committee  
by the Office of Policy and Legal Analysis and the Office of the Attorney General  
Updated December 2020

*The Maine Freedom of Access Act requires governmental entities to conduct public business in the open and to provide access to public records. Legislative meetings and records are subject to the law and must be open to the public, with some limited exceptions set forth in the law.*

## **Intent of the Freedom of Access Law**

The Maine Freedom of Access Act provides that it is the intent of the Legislature that “actions [involving the conduct of the people’s business] be taken openly and that the records of their actions be open to public inspection and their deliberations be conducted openly.” The Freedom of Access Act, found in Title 1 of the Maine Revised Statutes, chapter 13, applies to all governmental entities, including the Legislature.

## **Public Proceedings**

Under state law, all meetings of the Legislature, its joint standing committees and legislative subcommittees are public proceedings. A legislative subcommittee is a group of 3 or more committee members appointed for the purpose of conducting legislative business on behalf of the committee.

The public must be given notice of public proceedings and must be allowed to attend. Notice must be given in ample time to allow the public to attend and in a manner reasonably calculated to notify the general public. The public is also allowed to record the proceedings as long as the activity does not interfere with the orderly conduct of the proceedings.

Party caucuses are not committees or subcommittees of the Legislature, so their meetings do not appear to be public proceedings. Similarly, informal meetings of the members of a committee who are affiliated with the same party are not public proceedings as these members are not designated by the committee as a whole to conduct business of the committee. However, committee members should be careful when they caucus not to make decisions or otherwise use the caucus to circumvent the public proceeding requirements.

## **Limited Exception to Public Proceedings (Executive Sessions)**

In very limited situations, joint standing committees may hold executive sessions to discuss certain matters. State law is quite specific as to those matters that may be deliberated in executive sessions. The executive session must not be used to defeat the purpose of the Act, which is to ensure that the people’s business is conducted in the open.

The permitted reasons for executive session are set forth in the law, Title 1, section 405 and Title 3, section 156. The reasons most relevant to legislative work are discussion of confidential records and pre-hearing conferences on confirmations.

An executive session may be called only by a public, recorded vote of 3/5 of the members, present and voting, of the committee. The motion to go into executive session must indicate the precise nature of the business to be discussed and no other matters may be discussed. A committee may not take any votes or other official action in executive sessions.

If a committee wants to hold an executive session, the committee should discuss the circumstances with an attorney from the Office of Policy and Legal Analysis or the Office of Fiscal and Program Review who can provide the committee with guidance about whether an executive session is permitted and, if so, how to proceed.

### **Public Records**

The Freedom of Access Act defines “public records” broadly, to include all material in possession of public agencies, staff and officials if the materials were received or prepared for use in, or relate to, the transaction of public or governmental business. The scope of the definition means that most, if not all, papers and electronic records relating to legislative business are public records. This includes records that may be stored on an individual legislator’s personal computer, tablet or smartphone if they relate to or were prepared for use in the transaction of public business, *e.g.*, constituent inquiries, emails, text messages or other correspondence about legislative matters. Information contained in a communication between a constituent and a legislator may be confidential if it meets certain narrow requirements.

### **Time-limited Exception from Public Disclosure for Certain Legislative Records**

The Freedom of Access Act contains exceptions to the general rule that public records must be made available for public inspection and copying. One exception that is relevant to legislative work allows certain legislative papers to be withheld from public disclosure until the end of the legislative session in which they are being used. The exceptions are as follows:

- ❑ Legislative papers and reports (e.g. bill drafts, committee amendments and the like) are not public records until signed and publicly distributed; and
- ❑ Working papers, drafts, records, and memoranda used to prepare proposed legislative papers or reports are not public records until the end of the legislative session in which the papers or reports are prepared or considered or to which they are carried over.

The Legislative Council’s Confidentiality Policy and the Joint Rules provide guidance to legislative staff about how such records are to be treated before they become public records.

### **Confidential Records in the Possession of Committees**

Committees may also need to be prepared to deal with other types of non-public records, such as individual medical or financial records that are classified as confidential under state or federal law.

If the committee comes into possession of records that are declared confidential by law, the Freedom of Access Act allows the committee to withhold those records from the public and to go into executive session to consider them (see discussion above for the proper process).

In addition, the committee should also find out whether there are laws that set specific limitations on, and penalties for, dissemination of those records. The Office of the Attorney General or an attorney from the Office of Policy and Legal Analysis or the Office of Fiscal and Program Review can help the committee with these records.

Joint Rule 313 also sets forth procedures to be followed by a committee that possesses confidential records.

### **Legislative Review of Public Record Exceptions**

All exceptions to the public records law are subject to a review process. A legislative committee that considers a legislative measure proposing a new statutory exception must refer the measure to the Judiciary Committee if a majority of the committee supports the proposed exception. The Judiciary Committee will review and evaluate the proposal according to statutory standards, then report findings and recommendations to the committee of jurisdiction. The Judiciary Committee regularly seeks input from the Right to Know Advisory Committee on public records, confidentiality and other freedom of access issues.

### **Public Access Ombudsman**

The Public Access Ombudsman, an attorney located in the Department of the Attorney General, is available to provide information about public meetings and public records, to help resolve complaints about accessing proceedings and records and to help educate the public as well as public agencies and officials. Legislators may contact the Public Access Ombudsman, Brenda Kiely, at [Brenda.Kiely@maine.gov](mailto:Brenda.Kiely@maine.gov), or (207) 626-8577 for assistance.

# Legislative Confidentiality

## Nonpartisan legislative staff are governed by a strict confidentiality policy

This policy requires that:

- Communications between Legislators and nonpartisan staff are confidential; and
- Nonpartisan staff must protect the confidentiality of requests for assistance, advice or information and related working papers, including draft bills, resolves, resolutions, orders or amendments.

## **Treatment of documents and information protected as confidential**

The policy requires nonpartisan staff to treat confidential documents and information as follows:

1. Requests for assistance, advice or information and related working papers may be shared by nonpartisan legislative staff only with the permission of the requestor.
2. Nonpartisan legislative staff may share confidential documents and information with each other when necessary to perform their responsibilities in accordance with office policies.
3. A draft bill, resolve, resolution, order or amendment is a working paper and may be shared by nonpartisan legislative staff only with permission of the person or entity requesting the bill, resolve, resolution, order or amendment. A draft bill, resolve, resolution, order or amendment remains confidential until it is distributed in a public meeting or signed and publicly distributed in accordance with legislative rules.
4. The sponsor of a legislative request may specify that the title of the request and the sponsor's name remain confidential until cloture; otherwise, the title and sponsor's name are public information when the request is filed. The Governor may specify that a Governor's request for a bill or resolve remains confidential until the bill or resolve is printed.

## **When confidential documents become public**

- Legislative papers and reports become public when signed and publicly distributed in accordance with legislative rules.
- Written records used or maintained by nonpartisan legislative staff to prepare proposed Senate or House papers or reports for consideration by the Legislature or any of its committees are working papers and become public records at the end of the legislative session in which the papers or reports are prepared or considered or to which they are carried over.

## **Basis**

Legislative confidentiality is governed by statute (Maine's Freedom of Access Act, 1 MRS §402, sub-§3, ¶C), the Joint Rules adopted by each Legislature (Joint Rule 207 of the 130th Legislature) and Legislative Council policy.

## State Mandates

### The law

The Maine Constitution, Article IX, Section 21 (adopted in 1992), prohibits the State from requiring a local unit of government to expand or modify its activities so as to necessitate additional expenditures from local revenues unless:

1. The State annually provides 90% of the funding; or
2. The Legislature votes to establish an exemption by a 2/3 vote of the elected membership of each chamber.

In accordance with the Constitution, the Legislature enacted implementing legislation (30-A MRSA §5685), which, among other things, clarifies that if the Legislature passes legislation that constitutes a State mandate and does not create an exception for that mandate or provide the required state funding, affected local units of government are not bound by the mandate.

### Interpretation

Whether a proposal falls within the terms of Article IX, Section 21 is sometimes the subject of debate. A proposal that may fall within the provision will be identified as a potential State mandate in the fiscal note prepared by the Office of Fiscal and Program Review (OFPR), thus flagging the matter for further legislative consideration. Once identified by OFPR as a potential State mandate, the committee has several options as outlined below and may consult with their committee analyst on any questions concerning whether a legislative proposal constitutes a mandate.

### Options if proposal identified as potential mandate in fiscal note

Determination that proposal does not constitute a mandate. If a committee determines that a provision identified by OFPR as a potential mandate is not in fact a mandate, the committee may direct its analyst to draft language to insert in the summary of the committee amendment that states the committee's determination. A recommended template has been developed for use by committee analysts. If inserted into a summary, the intent of the language is to explain the committee's finding that the provision the fiscal note identifies as a potential mandate does not require any expansion or modification of activities so as to necessitate additional expenditures from local revenue. The committee may then report the proposal out without funding and without a Mandate Preamble. In that case, the proposal will normally be placed on the Special Appropriations Table and a decision regarding final enactment will be deferred until the Joint Standing Committee on Appropriations and Financial Affairs makes decisions on bills placed on this table, which usually occurs near the end of a legislative session.

Determination that proposal does constitute a mandate. If a committee determines that a proposal does constitute a mandate, the committee has various options it may pursue, including:

1. Amending the proposal to eliminate the requirement (for instance, making the expanded or modified activity optional);
2. Amending the proposal to provide funding for 90% of the necessitated additional local expenditures; or
3. Amending the proposal to add a Mandate Preamble stating that the legislation is being enacted as an exception to Article IX, Section 21 and that the legislation is exempt from the funding requirement. To accomplish this third option, enactment of the proposal requires a two-thirds vote of the elected members in each chamber of the Legislature.

Determination that no further action is necessary. If a committee decides to report out a proposal without addressing the issue in the summary of a committee amendment and without funding or a Mandate Preamble, the proposal will likely still be placed on the Special Appropriations Table. A decision regarding final enactment will be deferred until the Joint Standing Committee on Appropriations and Financial Affairs decides how to address the potential mandate as part of its review of bills placed on the table, which usually occurs near the end of a legislative session.

**Failure to add a Mandate Preamble or funding**

If the Legislature passes legislation that constitutes a State mandate without providing the funding or exempting the legislation from the funding requirement by adding a Mandate Preamble, affected local units of government are not bound by the mandate.

## Studies: Legislative and Non-legislative

### Purpose and types of studies

Studies allow for the examination of topics beyond what may be possible during a legislative session. Studies, including legislative and non-legislative studies, may take many forms and be tailored to meet the needs of the Legislature. A study usually results in a written report of findings and recommendations for legislative consideration in a subsequent legislative session. The Legislature is not bound to adopt the recommendations of a study.

### Legislative study

A “legislative study” is a study undertaken by any group of people that uses any legislative resources (requires legislative appointments, includes legislators, uses legislative study funds or involves legislative staff). Except for limited exemptions adopted in policies of the Legislative Council, a “legislative study” must conform to Joint Rule 353, which includes many requirements relating to the composition and appointment of membership, compensation, report deadlines and outside funding. Legislative studies are placed on a special study table prior to final approval in the Senate and are reviewed by the Legislative Council, which decides what studies to authorize. Unless the Legislative Council directs otherwise, Legislative Council staff are assigned only to legislative studies that conform to Joint Rule 353.

### Non-legislative study

A “non-legislative study” or “non-legislative study group” is any group of individuals directed by legislation to report back to the Legislature on any issue, but is not otherwise a legislative study. Non-legislative studies include the following.

- Stakeholder group study or an on-going board or commission: Legislative Council policy allows these groups to include up to two legislators as long as no other legislative resources are used; if no more than two legislators are included, the proposal will go on the study table but the other requirements relating to legislative studies do not apply.
- Agency study: An agency is directed to study an issue and report back to a committee or the Legislature.
- Staff study: Nonpartisan legislative staff is directed to collect data, research legal and policy issues and provide an analysis and summary.

A study that proposes to use any legislative resources will likely be placed on the special study table pending review by the Legislative Council.

### Creating a study

If a committee believes a study may be appropriate, its first step should be to define the study’s purpose. The committee should then consider whether a legislative study is the most appropriate form of study to achieve that purpose. A legislative study may be created by joint study order, if no one outside the Legislature is required to do anything and the study will be completed within the legislative biennium. Otherwise, some form of law is required to create a study.

### Implementing study recommendations

Under Joint Rule 353 as adopted by the 130th Legislature, neither a legislative nor a non-legislative study may introduce legislation but may include proposed legislation in its report to the Legislature. Under that rule, upon receipt of a report submitted by a study, a joint standing committee may introduce a bill on matters relating to the study, e.g., the legislation proposed by the study.



## Carry Over Bills

Under Joint Rules 309 and 310 as adopted by the 130th Legislature, all legislative documents (LDs)—bills, resolves and resolutions, jointly referred to as “bills” in this document—must be reported out of committee in accordance with deadlines established by the presiding officers. Generally, bills must be reported out during the session in which they are introduced. However, under certain circumstances, the presiding officers may authorize committees to hold specific, identified bills in committee beyond the end of a legislative session. Such bills are said to be “carried over” to the subsequent session. A bill may be carried over only if there is another scheduled or expected session of the same legislature (for instance, LDs may be carried over from the First Regular Session to the Second Regular Session).

A committee may wish to carry over a bill to the subsequent session for a variety of reasons. For example, the subject matter of the bill may be exceptionally complex, the committee may wish to direct stakeholders to meet over the interim to reach a consensus solution to the issues raised in the bill, the committee may have requested that important additional information be collected over the interim or the committee may be awaiting the outcome of events that are significant to its consideration of the bill.

### Procedure

If a committee wishes to carry over one or more bills, the following are the standard procedures.

1. Unless otherwise directed or authorized by the presiding officers, the committee should submit a written request, prepared by the committee’s analyst, to the presiding officers. The request should identify each bill by LD number and title and briefly explain the reason why the committee is requesting that it be carried over.
2. The presiding officers jointly review and approve or deny the requests in whole or in part.
3. Bills approved for carry over are usually included in a single joint order, introduced near the end of the session, authorizing each of the identified bills to be carried over by the specified committee to a subsequent session. (The order sometimes authorizes the Legislature to carry over other specifically identified bills that are “tabled” in the House or Senate pending further legislative action. Under certain circumstances, for instance an unanticipated early adjournment, all bills not finally disposed of are carried over without referencing individual bills.)

Typically, committees are encouraged to complete their work on carry over bills early in the Second Regular Session, leaving the remainder of the session to focus on newly referred bills.

## Legislative Review of Major Substantive Rules

### Legal authority required to adopt rules

Before an agency may adopt a rule on a matter, the Legislature must have enacted a law granting the agency rulemaking authority. Rules must be consistent with the law under which they are adopted and adopted in accordance with the Maine Administrative Procedure Act (APA), 5 MRSA chapter 375, subchapters 2 and 2-A.

### Two types of rules: “routine technical” or “major substantive”

Under the APA, all laws enacted after January 1, 1996, that delegate rulemaking authority to an agency must specifically indicate whether the rules are “routine technical” or “major substantive.” Although the APA provides the following guidelines, the ultimate decision whether a particular rule is routine technical or major substantive is made by the Legislature when it enacts the law authorizing adoption of the rule:

- “Routine technical rules,” are those that establish standards of practice or procedure for agency business including, for example, rules that set a fee within a range specified by statute.
- “Major substantive” rules are rules that, in the judgment of the Legislature, either (1) require the exercise of significant agency discretion or interpretation in drafting or (2) are reasonably expected to result in a significant increase in the cost of doing business, significant reduction in property values, significant reduction of government benefits or services, serious burden on the public or serious burden on units of local government.

The key consideration is whether the Legislature wishes to review the rule before it is finally adopted by the agency (major substantive rules are subject to formal legislative review whereas routine technical rules are not).

### APA procedural requirements for agency rulemaking

Agencies must provide notice of proposed new or amended rules to interested parties, the general public and to the Legislature. The Executive Director of the Legislative Council accepts notices of rulemaking from agencies on behalf of the Legislature and forwards each notice to the appropriate legislative committee or committees with jurisdiction over the subject matter addressed in the rule. After providing notice, agencies must accept and respond to public comments on the proposed rule. Agencies are required to hold a public hearing on proposed major substantive rules. Proposed rules must also be reviewed and approved for legality by the Office of the Attorney General.

Once this process is complete, a major substantive rule may only be provisionally adopted by the agency and does not have legal effect until it has been reviewed by the Legislature and finally adopted by the agency. By contrast, a routine technical rule may be finally adopted by the agency without additional legislative review.

### Legislative review of major substantive rules

When a provisionally adopted major substantive rule is properly submitted by an agency, a resolve is printed that proposes to allow the agency to adopt the rule. The resolve is then referred to the committee with jurisdiction over the rule’s subject matter and serves as the vehicle through which the committee recommends whether and how the rule should be adopted.

The APA provides certain useful criteria (5 M.R.S.A. §8072(4)) for a committee to consider when reviewing a rule.

After reviewing the rule and corresponding resolve, the committee may vote to recommend:

- That the agency be authorized to finally adopt the provisionally adopted rule (1) as drafted by the agency, (2) only in part, or (3) contingent upon the agency making changes to the rule or
- That the agency not be authorized to finally adopt the provisionally adopted rule.

The committee’s recommendation must be reported out not less than 30 days before statutory adjournment.

## Timing of agency submission of rules for review; effect of Legislature's failure to act

The APA directs agencies to submit provisionally adopted new (or amended) major substantive rules for review during the "rule acceptance period," which begins on July 1st before each regular session and ends at 5:00 p.m. on the 2nd Friday in January after the convening of that regular session. Filing a rule outside the acceptance period affects both the legislative review process and the agency's adoption authority.

If the provisionally adopted rule is submitted within the rule acceptance period, a rule resolve is automatically prepared and then referred to the appropriate committee for review.

- If the Legislature fails to act—for example, by allowing the resolve to die between the bodies or sustaining a veto of the resolve—the agency **may** finally adopt the rule as drafted. A committee vote of ONTP on the resolve is considered a failure to act on the rule.
- If the Legislature wishes not to authorize final adoption of a timely submitted rule, it must pass legislation prohibiting the agency from finally adopting the rule (this is typically done through an amendment to the resolve).
- If the Legislature wishes to authorize the rule but only if the rule is amended, the Legislature must pass legislation describing the changes the agency must make before final adoption is authorized (this is typically done through an amendment to the resolve).

If the provisionally adopted rule is submitted late, the Legislative Council decides whether to accept the rule for review. If it accepts the rule, a resolve for review of the rule will be prepared and referred to the appropriate committee.

- If the Legislature fails to act on a late-filed rule (see examples above), the agency may **not** finally adopt the rule.
- If the Legislature wishes to prevent adoption of a late-submitted rule, it does not need to act on the rule (a vote of ONTP on the resolve is considered a failure to act on the rule).
- If the Legislature wishes to allow the agency to adopt the late-submitted rule, with or without amendments, it must pass some version of the resolve (or pass other legislation) authorizing the agency to act.

## Final adoption of rule

The agency must finally adopt the rule, with any required amendments, within 60 days of the effective date of the legislation approving the rule (or within 60 days of the adjournment of the session if the Legislature fails to act on a timely submitted rule).

## The Policy Committee Role in Budget Matters: Joint Rule 314

Joint Rule 314 establishes the role of policy committees -- any joint standing or joint select committee other than the Appropriations and Financial Affairs Committee (Appropriations Committee) -- in budget matters. Policy committees:

1. Advise the Appropriations Committee on those portions of State budget bills that affect subject matter within the jurisdiction of the policy committee; and
2. Advise the Appropriations Committee on the policy committee's budgetary priorities relating to certain bills having a fiscal impact.

### Advising on the budget bill

According to the subject matter jurisdiction of each policy committee, the Appropriations Committee schedules a series of joint public hearings with policy committees on the relevant portions of the Governor's budget bill. The relevant portions of the budget bill for a policy committee include the initiatives in the proposed budget that affect all agencies within the policy committee's jurisdiction and any proposed changes to statutory language affecting laws under the policy committee's jurisdiction. The policy committee can attend the hearing as a whole or send an appointed subcommittee to attend the public hearing and serve as a liaison to the Appropriations Committee.

After the joint public hearing, policy committees typically hold their own work sessions and develop their recommendations on the relevant portions of the budget bill. The Appropriations Committee may direct that policy committees' recommendations stay within budgetary constraints established by the Appropriations Committee.

The policy committee then reports its recommendations on the relevant portions of the budget bill to the Appropriations Committee in a format specified by the Appropriations Committee. Typically, the Appropriations Committee asks policy committees to report back using a document that allows the committee to record a vote on each budget initiative or language part.

Policy committee recommendations are not binding on the Appropriations Committee; the Appropriations Committee must consider policy committee recommendations but retains sole decision-making authority on budget matters.

### Prioritizing bills with fiscal impact

Bills with fiscal impact that have been reported out of committee and received initial approval in both houses are tabled before final enactment on the Senate's Special Appropriations Table. Near the end of session, the Appropriations Committee, with input from the policy committees, makes final recommendations to the Senate on which, if any, such legislation should be enacted, not enacted or amended given budgetary considerations. The policy committees may provide input by submitting a list expressing the committee's priorities for bills on the Special Appropriations Table, including an indication of how each committee member voted on the priority recommendation.

**For more information** visit [www.legislature.maine.gov/ofpr](http://www.legislature.maine.gov/ofpr) and click on **Publications**.

## **Special Reviews of Public Records Exceptions and Restrictions on Access to Public Records**

### **Background**

In the Freedom of Access Act (FOAA), set forth in Title 1, chapter 13, subchapter 1 of the Maine Revised Statutes, the Maine Legislature has declared as a matter of public policy that records in the possession or custody of an agency or public official of the State or its political subdivisions should as a general rule be open to public inspection and copying. Although the Legislature retains authority to adopt a law specifically declaring that a particular type of record is confidential or exempt from some or all of FOAA's public access requirements, Title 1, chapter 13, subchapter 1-A of the Maine Revised Statutes (another of Maine's Freedom of Access laws) establishes specific processes for the enactment of and for periodic review of such exceptions.

### **Committee procedure when a bill proposes a new public records exception**

If, after holding a public hearing, a majority of a committee supports legislation proposing a new public records exception or affecting the accessibility of a public record, it must request that the Judiciary Committee conduct a supplemental review of the proposal under 1 M.R.S.A. §434. Legislation contains a "new public records exception" if it declares a particular type of otherwise-public record either "confidential" or "not a public record" for purposes of FOAA. To initiate the review process, the committee with jurisdiction over the legislation generally drafts a memo to the Judiciary Committee outlining the proposed public records exception or accessibility restriction and explaining why the committee believes the proposal should be adopted.

### **Review of proposed new public records exceptions by the Judiciary Committee**

The Judiciary Committee evaluates legislation proposing new public records exceptions using the following criteria, which are set forth in 1 M.R.S.A. §434, subsections 2 and 2-A:

- Whether a record protected by the proposed exception needs to be collected and maintained;
- The value to the agency or official or to the public in maintaining a record protected by the proposed exception;
- Whether federal law requires a record covered by the proposed exception to be confidential;
- Whether the proposed exception protects an individual's privacy interest and, if so, whether that interest substantially outweighs the public interest in the disclosure of records;
- Whether public disclosure puts a business at a competitive disadvantage and, if so, whether that business's interest substantially outweighs the public interest in the disclosure of records;
- Whether public disclosure compromises the position of a public body in negotiations and, if so, whether that public body's interest substantially outweighs the public interest in the disclosure of records;
- Whether public disclosure jeopardizes the safety of a member of the public or the public in general and, if so, whether that safety interest substantially outweighs the public interest in the disclosure of records;
- Whether the proposed exception is as narrowly tailored as possible;
- Any other criteria that assist the review committee in determining the value of the proposed exception as compared to the public's interest in the record protected by the proposed exception; and
- Whether there is a publicly accountable entity that has authority to review the agency or official that collects, maintains or uses the record subject to the exception in order to ensure that information collection, maintenance and use are consistent with the purpose of the exception and that public access to public records is not hindered.

If the legislative proposal affects the accessibility of a public record, instead of or in addition to containing a new public records exception, 1 M.R.S.A. §434, subsection 2-B provides that the Judiciary Committee may consider during its review any factors that affect the accessibility of public records, including but not limited to fees, request procedures and timeliness of responses.

After completing this review, the Judiciary Committee must report its findings and recommendation whether the proposed public records exception or access limitation should be enacted to the committee with jurisdiction over the legislation.

Subsection 1 of 1 M.R.S.A. §434 provides that a proposed public records exception or accessibility restriction may not be enacted into law unless the Judiciary Committee has completed this review.

### **Periodic Review of Public Records Exceptions**

In addition to requiring review of newly proposed public records exceptions, Maine's Freedom of Access laws provide for periodic review of existing public records exceptions by the Right to Know Advisory Committee (Advisory Committee) and the Judiciary Committee. The Advisory Committee is comprised of 17 members, including 2 members of the Judiciary Committee, representatives of state and local government interests and advocates for increased public access to public records, including representatives of the media.

Maine's Freedom of Access laws establish a schedule for the Advisory Committee to review public record exceptions codified in specific titles of the Maine Revised Statutes each biennium. As a first step, the Advisory Committee generally contacts the state and local bodies that administer each of the public records exceptions scheduled for review for information, comments and suggestions. Subsequently, after considering the specific statutory criteria set forth in 1 M.R.S.A. §432, subsection 2, which mirror the criteria for the evaluation of new public records exceptions described above, the Advisory Committee must report to the Judiciary Committee its recommendation whether each exception scheduled for review should be repealed, modified or remain unchanged. The Judiciary Committee has authority to report out legislation related to these recommendations, and must notify the committees of the Legislature having jurisdiction over the subject-matter of each affected public records exception prior to the public hearing and work sessions on the legislation. The Judiciary Committee shall allow members of those committees to participate in the work sessions involving public records exceptions within their jurisdiction.

**TAX-RELATED PROVISIONS  
OF THE  
MAINE CONSTITUTION**

# TAX-RELATED PROVISIONS OF THE MAINE CONSTITUTION

**Article I, Section 22. Taxes.** No tax or duty shall be imposed without the consent of the people or of their representatives in the Legislature.

**Article IV, Part 3, Section 9. Either House may originate bills; revenue bills.** Bills, orders or resolutions, may originate in either House, and may be altered, amended or rejected in the other; but all bills for raising a revenue shall originate in the House of Representatives, but the Senate may propose amendments as in other cases; provided, that they shall not, under color of amendment, introduce any new matter, which does not relate to raising a revenue.

**Article IV, Part 3, Section 23. Municipalities reimbursed annually.** The Legislature shall annually reimburse each municipality from state tax sources for not less than 50% of the property tax revenue loss suffered by that municipality during the previous calendar year because of the statutory property tax exemptions or credits enacted after April 1, 1978. The Legislature shall enact appropriate legislation to carry out the intent of this section.

This section shall allow, but not require, reimbursement for statutory property tax exemptions or credits for unextracted minerals.

**Article IX, Section 7. Valuation.** While the public expenses shall be assessed on estates, a general valuation shall be taken at least once in 10 years.

**Article IX, Section 8. Taxation.** All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally according to the just value thereof.

**1. Intangible property.** The Legislature shall have power to levy a tax upon intangible personal property at such rate as it deems wise and equitable without regard to the rate applied to other classes of property.

**2. Assessment of certain lands based on current use; penalty on change to higher use.** The Legislature shall have power to provide for the assessment of the following types of real estate whenever situated in accordance with a valuation based upon the current use thereof and in accordance with such conditions as the Legislature may enact:

A. Farms and agricultural lands, timberlands and woodlands;



B. Open space lands which are used for recreation or the enjoyment of scenic natural beauty;

C. Lands used for game management or wildlife sanctuaries; and

D. Waterfront land that is used for or that supports commercial fishing activities.

In implementing paragraphs A, B, C and D, the Legislature shall provide that any change of use higher than those set forth in paragraphs A, B, C and D, except when the change is occasioned by a transfer resulting from the exercise or threatened exercise of the power of eminent domain, shall result in the imposition of a minimum penalty equal to the tax which would have been imposed over the 5 years preceding that change of use had that real estate been assessed at its highest and best use, less all taxes paid on that real estate over the preceding 5 years, and interest, upon such reasonable and equitable basis as the Legislature shall determine. Any statutory or constitutional penalty imposed as a result of a change of use, whether imposed before or after the approval of this subsection, shall be determined without regard to the presence of minerals, provided that, when payment of the penalty is made or demanded, whichever occurs first, there is in effect a state excise tax which applies or would apply to the mining of those minerals.

**3. School districts.** The Legislature shall have power to provide that taxes, which it may authorize a School Administrative District or a community school district to levy, may be assessed on real, personal and intangible property in accordance with any cost-sharing formula which it may authorize.

**4. Watercraft.** Beginning with the property tax year 1984, all watercraft as defined by the Legislature shall be exempt from taxation as personal property, provided that certain watercraft as defined by the Legislature shall be subject to an excise tax to be collected and retained by the municipalities.

**5. Historic and scenic preservation.** The Legislature shall have the power to provide that municipalities may reduce taxes on real property if the property owner agrees to maintain the property in accordance with criteria adopted by the governing legislative body of the municipality to maintain the historic integrity of important structures or to provide scenic view easements of significant vistas.

**Article IX, Section 9. Power of taxation.** The Legislature shall never, in any manner, suspend or surrender the power of taxation.

**Article IX, Section 19. Limitation on expenditure of motor vehicle and motor vehicle fuel revenues.** All revenues derived from fees, excises and license taxes relating to registration, operation and use of vehicles on public highways, and to fuels used for propulsion of such vehicles shall be expended solely for cost of administration, statutory refunds and adjustments, payment of debts and liabilities incurred in construction and reconstruction of highways and bridges, the cost of construction, reconstruction, maintenance and repair of

public highways and bridges under the direction and supervision of a state department having jurisdiction over such highways and bridges and expense for state enforcement of traffic laws and shall not be diverted for any purpose, provided that these limitations shall not apply to revenue from an excise tax on motor vehicles imposed in lieu of personal property tax.

**Article IX, Section 21. State mandates.** For the purpose of more fairly apportioning the cost of government and providing local property tax relief, the State may not require a local unit of government to expand or modify that unit's activities so as to necessitate additional expenditures from local revenues unless the State provides annually 90% of the funding for these expenditures from State funds not previously appropriated to that local unit of government. Legislation implementing this section or requiring a specific expenditure as an exception to this requirement may be enacted upon the vote of 2/3 of all members elected to each House. This section must be liberally construed.

**PROPERTY TAX**

# PROPERTY TAX

## THE BASICS

1. *Article IX, Section 8 of the Maine Constitution requires all taxes on real and personal property to be assessed equally and according to the “just value” (usually, market value) of the property.*
  2. *Property taxes are assessed and collected locally. There are two exceptions:*
    - A. *Property taxes to cover “municipal” services in the unorganized territory are assessed and collected by the Bureau of Revenue Services and used to reimburse the State and counties for providing local services that would be provided by a municipality.*
    - B. *Telecommunications equipment. Qualified telecommunications equipment is exempt from municipal property tax. It is subject to a state excise tax calculated by multiplying the equalized property tax rate of the municipality (or unorganized area) where the property is located by the just value of the equipment.*
  3. *The State annually establishes the “state valuation” of municipalities for the purposes of equalizing state distributions based on property tax effort, e.g. education funding and state-municipal revenue sharing.*
  4. *Property tax is collected in the unorganized territory to cover the cost of “municipal services” provided in those areas. Because the unorganized territory has no municipal government, property is assessed and taxes collected by the State (Maine Revenue Services). The amount to be raised is established by legislation proposed by the Fiscal Administrator of the Unorganized Territory.*
- 

## PROPERTY TAX EXEMPTIONS:

1. Property tax exemptions may only be authorized by State legislation and must apply statewide. Local option exemptions are not constitutional in Maine.
2. Property tax exemptions exist for a wide variety of types of property and taxpayers. Major examples include government property, benevolent and charitable organizations, literary and scientific institutions, fraternal organizations, churches and parsonages, and pollution control facilities. Partial exemptions are available for permanent residences (homesteads), veterans, and blind and paraplegic property owners. Many exemptions exist for personal property including the exemption for newly-acquired eligible business equipment. There is a homestead exemption of \$25,000.

3. Under Article IV, Part 3, Section 23 of the Maine Constitution, the Legislature is required to reimburse municipalities for at least 50% of the property tax revenue lost as a result of property tax exemptions enacted after April 1, 1978.

---

## PROPERTY TAX RELIEF PROGRAMS:

---

- 1. Property Tax Fairness Credit.** The property tax fairness credit, administered as an income tax credit, replaced the Maine Residents Property Tax Program (circuitbreaker program) beginning with the 2013 income tax year. The former circuitbreaker program provided a partial property tax refund to homeowners and renters based on the relationship between income and amount of the property tax. The property tax fairness credit is calculated in a similar manner.

A. Income eligibility limits:

There are no income eligibility requirements; however, the operation of the formula for calculating benefits results in the following income thresholds for receipt of benefits in 2020:

- |  |          |
|--|----------|
| 1. Single filing status households   | \$42,000 |
| 2. Joint returns and heads of household returns with fewer than 3 exemptions | \$54,000 |
| 3. Joint returns with 3 or more exemptions                                   | \$67,000 |

B. Benefits are:

The amount by which the benefit base tax that exceeds 5% of income:

C. Maximum taxes subject to calculation (benefit base):

- |  |         |
|--|---------|
| 1. Single filing status households   | \$2,100 |
| 2. Joint returns and heads of household returns with fewer than 3 exemptions | \$2,700 |
| 3. Joint returns with 3 or more exemptions                                   | \$3,350 |

*(These amounts are indexed annually for inflation)*

D. Maximum benefit:

- |                  |         |
|------------------|---------|
| Under age 65     | \$750   |
| Age 65 and older | \$1,200 |

- 2. Homestead exemption:** equalized exemption for permanent residence.

- |                |          |
|----------------|----------|
| pre 2016       | \$10,000 |
| 2016           | \$15,000 |
| 2017-2019      | \$20,000 |
| 2020 and after | \$25,000 |

No income requirements.

Municipalities are reimbursed by the State at 70% of the property tax loss (2020 and after)

### 3. **Business Equipment**

**Business Equipment Tax Reimbursement Program (BETR).** Eligible businesses may be reimbursed by the State for property taxes paid on eligible personal property first placed in service in Maine after April 1, 1995 and before April 1, 2008 and some retail property. Some businesses are not eligible (utilities, cable TV, and similar companies). Some property is not eligible (office furniture, lighting fixtures, portions of some energy facilities). The BETR program has largely been replaced by the BETE program for property first placed in service on or after April 1, 2008 with the exception of some retail property.

**Business Equipment Tax Exemption (BETE).** Eligible personal property (parallel to BETR definition with some differences) first subject to assessment in Maine on or after April 1, 2008, is eligible for a property tax exemption. The State reimburses municipalities for 50% of the property tax loss with additional amounts for municipalities with large amounts of exempt personal property.

4. **Tax Increment Financing (TIF).** Tax increment financing is a means by which a municipality may use a portion of the property taxes from certain new business development to subsidize the business by providing capital improvements or returning a portion of the property taxes to the business to use for its development project or for other economic development purposes. TIF proposals must be approved locally and by the Department of Economic and Community Development. A major benefit to the municipality is that the value of the property that is sheltered under the TIF arrangement is not included in state valuation and, therefore, does not reduce state distributions such as education funding and municipal revenue sharing.

---

### **CURRENT USE VALUATION:**

The Maine law permits the valuation of the following types of land based on the current use value of the property:

- A. Commercial forestland eligible for the tree growth tax law
- B. Farmland
- C. Open space land
- D. Waterfront land used for or to support commercial fishing activities

# SALES TAX SERVICE PROVIDER TAX SUMMARY

## **1. Tax rates:**

---

There are 3 sales tax rates in Maine

10% on rental of automobiles for less than one year

10% on the adult use marijuana and adult use marijuana products

9% on the lodging

8% on the prepared food and liquor sold at licensed establishments

5.5% on other sales of tangible personal property and taxable services

## **2. Tax Base:**

---

The tax is imposed on sales of:

1. Tangible personal property
2. Taxable services:
  - A. Rental of lodging
  - B. Rental or lease of an automobile and certain other motor vehicles, certain extended vehicle service contracts
  - C. Transmission and distribution of electricity
  - D. Prepaid calling arrangements

## **3. Exemptions:**

---

There are numerous sales tax exemptions, exclusions and special provisions. (See list of sales tax expenditures in chapter 13)

## **4. Service Provider Tax:**

---

The service provider tax was enacted in 2004 to provide a source of funding for additional services under the state-federal Medicaid program. The 6% service provider tax operates like a sales tax and has essentially the same exemptions and exclusions. Several items historically subject to the sales tax were moved to the service provider tax to meet federal requirements that a specified proportion of revenues from the tax must be

derived from activities that are not funded by Medicaid. Services covered by the service provider tax include:

- A. Cable television service
- B. Fabrication services
- C. Rental of video media and equipment
- D. Rental of furniture, audio media and equipment
- E. Telecommunications service
- F. The installation, maintenance or repair of telecommunication equipment
- G. Private non-medical institution services and personal care services
- H. Community support services for persons with mental health diagnoses and for persons with intellectual disabilities or autism
- I. Home support services
- J. Ancillary (telecommunications) services
- K. Group residential services for persons with brain injury

Revenue from items A to F and J (formerly taxed under the sales tax) are deposited in the General Fund. Items G to I and K are transferred to several Medicaid accounts within the Department of Health and Human Services.



## **INCOME TAX**

# INDIVIDUAL INCOME TAX SUMMARY

## **BASE:**

---

Maine taxable income is equal to federal adjusted gross income with modifications provided by Maine law.

**Conformity:** Maine's tie to the federal income tax law must be statutorily updated annually to incorporate changes in the federal Internal Revenue Code enacted during the previous year. Maine's law currently is based on the Internal Revenue Code as of December 31, 2019. Occasionally Maine has not conformed completely to federal changes. Major past exceptions have been the treatment of business expenses, depreciation and certain production-related deductions, certain higher education deductions and the standard deduction for married joint returns. Beginning with 2014 tax years a limit was enacted for the amount of federal itemized deductions that may be claimed on a state income tax return.

## **RATES, STANDARD DEDUCTION, PERSONAL EXEMPTION:**

---

Income tax rates, brackets, deductions and personal exemptions amounts were amended in 2015 to provide a 3-year phase-in of reductions in taxes.

See attached chart for rates and bracket from tax years beginning in 2020.

## **INDEXING:**

---

Bracket amounts are subject to annual indexing according to the increase in the Consumer Price Index over the preceding year.

## **EXEMPTIONS, EXCLUSIONS AND CREDITS:**

---

Some income tax expenditures (exemptions, exclusions and credits) are the result of conformity to the federal Internal Revenue Code. Some are the result of Maine-specific statutes. See attached list.

State of Maine - Individual Income Tax  
2020 Rates

Note: For tax years beginning in 2020, an inflation adjustment is made by multiplying the cost-of-living adjustment, 1.056, by the lowest dollar amounts of the tax rate tables specified in 36 M.R.S. § 5111, sub-§§ 1-F, 2-F and 3-F and by multiplying the cost-of-living adjustment, 1.052, by the highest dollar amounts of the tax rate tables specified in 36 M.R.S. § 5111, sub-§§ 1-F, 2-F and 3-F. The Maine personal exemption amount is adjusted by multiplying the cost-of-living adjustment, 1.036, by the dollar amount of the personal exemption specified in 36 M.R.S. § 5126-A, sub-§ 1, for the taxpayer and taxpayer's spouse, if married. See 36 M.R.S. § 5403. The Maine standard deduction amount is equal to the federal standard deduction amount.

**Do not use these tax rate schedules to determine income tax withholding from wages.**

Tax Rate Schedule #1  
For Single Individuals and Married Persons Filing Separate Returns

<i>If the taxable income is:</i>	<i>The tax is:</i>
Less than \$22,200	5.8% of Maine taxable income
\$22,200 but less than \$52,600	\$1,288 plus 6.75% of excess over \$22,200
\$52,600 or more	\$3,340 plus 7.15% of excess over \$52,600

Tax Rate Schedule #2  
For Unmarried or Legally Separated Individuals who Qualify as Heads of Household

<i>If the taxable income is:</i>	<i>The tax is:</i>
Less than \$33,300	5.8% of Maine taxable income
\$33,300 but less than \$78,900	\$1,931 plus 6.75% of excess over \$33,300
\$78,900 or more	\$5,009 plus 7.15% of excess over \$78,900

Tax Rate Schedule #3  
For Married Individuals and Surviving Spouses Filing Joint Returns

<i>If the taxable income is:</i>	<i>The tax is:</i>
Less than \$44,450	5.8% of Maine taxable income
\$44,450 but less than \$105,200	\$2,578 plus 6.75% of excess over \$44,450
\$105,200 or more	\$6,679 plus 7.15% of excess over \$105,200

**Personal Exemption:** \$4,300 – applicable to the taxpayer (and spouse if married filing jointly)

**Standard Deduction:** Single - \$12,400    Married Filing Jointly - \$24,800  
                                    Head of Household - \$18,650                                      Married Filing Separately - \$12,400

**Additional Amount for Age or Blindness:**

\$1,300 if married (whether filing jointly or separately) or a qualified surviving spouse. The additional amount is \$2,600 if one spouse is 65 or over and blind, \$2,600\* if both spouses are 65 or over, \$5,200\* if both spouses are 65 or over and blind, etc.

\*If married filing separately, these amounts apply only if you can claim an exemption for your spouse.

\$1,650 if unmarried (single or head of household). The additional amount is \$3,300 if the individual is both 65 or over and blind.

## CORPORATION INCOME TAX

Maine imposes an income tax on all entities organized as corporations (except S corporations) and that have Maine-source income.

**Rates:** The rates are graduated as follows:

<u>Bracket</u>	<u>Tax Rate</u>
Not over \$350,000	3.5% of the income
\$350,000 but not over \$1,050,000	\$12,250 plus 7.93% of the excess over \$350,000
\$1,050,000 but not over \$3,500,000	\$67,760 plus 8.33% of the excess over \$1,050,000
\$3,500,000 or more	\$271,845 plus 8.93% of the excess over \$3,500,000

**Apportionment:** Taxes on multistate corporations are apportioned to Maine based on a the percentage of the corporations sales attributable to Maine operations.

**Exemptions, exclusions and credits.** There are many exemptions, exclusions and credits that reduce corporate income tax. Please see tax expenditure list.

## OTHER MAJOR BUSINESS TAXES

**Financial institutions.** Financial institutions pay a franchise tax instead of the corporate income tax. The tax payer may choose one of the following methods to calculate tax

1. A franchise tax that is the sum of 1% of the institution's Maine net income and 8 cents per \$1,000 of Maine assets; or
2. A franchise tax that is 39 cents per \$1,000 of Maine assets.

**Insurance companies.** Insurance companies pay an insurance premium tax instead of a corporate income tax. The rate is generally 2% of gross direct premiums; different rates exist for some specific types of insurances.

## **MISCELLANEOUS TAXES**

Information presented here provides only the basic rates of tax. It does not attempt to describe the persons, products or activities subject to the taxes nor any exemptions, exclusions or credits.

**1. Motor Fuel Tax Rates (cents per gallon).** Taxes on motor fuels are dedicated to the Highway fund. Refunds are available for off-road use of fuel; however, sales tax is usually due instead on those fuels.

Fuel Type	Rate
Gasoline	30
Diesel	31.2
Propane	21.9
Methanol	14.7
Ethanol	19.8
CNG	24.3

**2. Estate Tax**

The Maine estate tax is imposed upon the transfer of the estate of every person who was a Maine resident at the time of death. For deaths occurring after December 31, 2012, the tax is based on the Maine taxable estate with an exclusion equal of \$5,600,000 for deaths on or after January 1, 2018. The tax is equal to:

8%	amount over exclusion amount to exclusion amount plus \$3,000,000
10%	exclusion amount plus \$3,000,000 to \$6,000,000
12%	over exclusion amount plus \$6,000,000

**3. Alcoholic Beverages Taxes**

**A. Excise tax on beer and wine**

Beer	35 cents per gallon
Wine, hard cider	60 cents per gallon
Low alcohol spirits, sparkling wine	\$1.24 per gallon

**B. Spirits**

The State contracts with a private party to manage the sale and warehousing of spirits in Maine. The Bureau of Alcoholic Beverages and Lottery Operations establishes the price of all spirits sold in the State. State revenue is determined by subtracting contractual, operating and warehousing expenses from the gross receipts from the sale of spirits. An additional premium tax is imposed equal to \$1.25 per proof gallon.

**4. Cigarette Tax; Tobacco Products Tax**

Cigarettes	\$2.00 per pack
Smokeless tobacco	\$2.02 per ounce
Other tobacco	20% of wholesale price

**5. Real Estate Transfer Tax**

\$2.20 per \$500 of value of property transferred, divided equally between buyer and seller. The tax applies to transfers by deed and to transfers of controlling interests in entities with a fee interest in real property.

Traditionally, revenue from the RETT was distributed:

- 10% retained by counties
- 45% to General Fund
- 45% to Housing Opportunities for Maine Fund to support affordable housing<sup>1</sup>

**6. Railroad Excise Tax**

3.25% to 5.25% on gross transportation receipts

**7. Mining Excise Tax**

0.005 times value of facilities and equipment or tax on gross proceeds

**8. Resource-based industry taxes**

Revenues under this category are used to support or regulate the industry that pays the tax. Examples include:

- Commercial Forestry Excise Tax (funds 40% of the cost of forest fire protection)
- Blueberry Tax
- Potato Tax
- Mahogany Quahog Tax

**9. Motor vehicle excise tax** (paid to municipalities). The motor vehicle excise tax is imposed in lieu of a property tax. It is collected at the municipal level and accrues to municipalities.

Based on makers list price:

First or current year of model	24 mills
2nd year	17 mills
3rd year	13 1/2 mills
4th year	10 mills
5th year	6 1/2 mills
6th year and older	4 mills

<sup>1</sup> In recent years numerous transfers have been made for specific purposes from both the General Fund share and the HOME fund share of the revenue.

## **11. MAINE'S TAX MIX, TAX BURDEN**



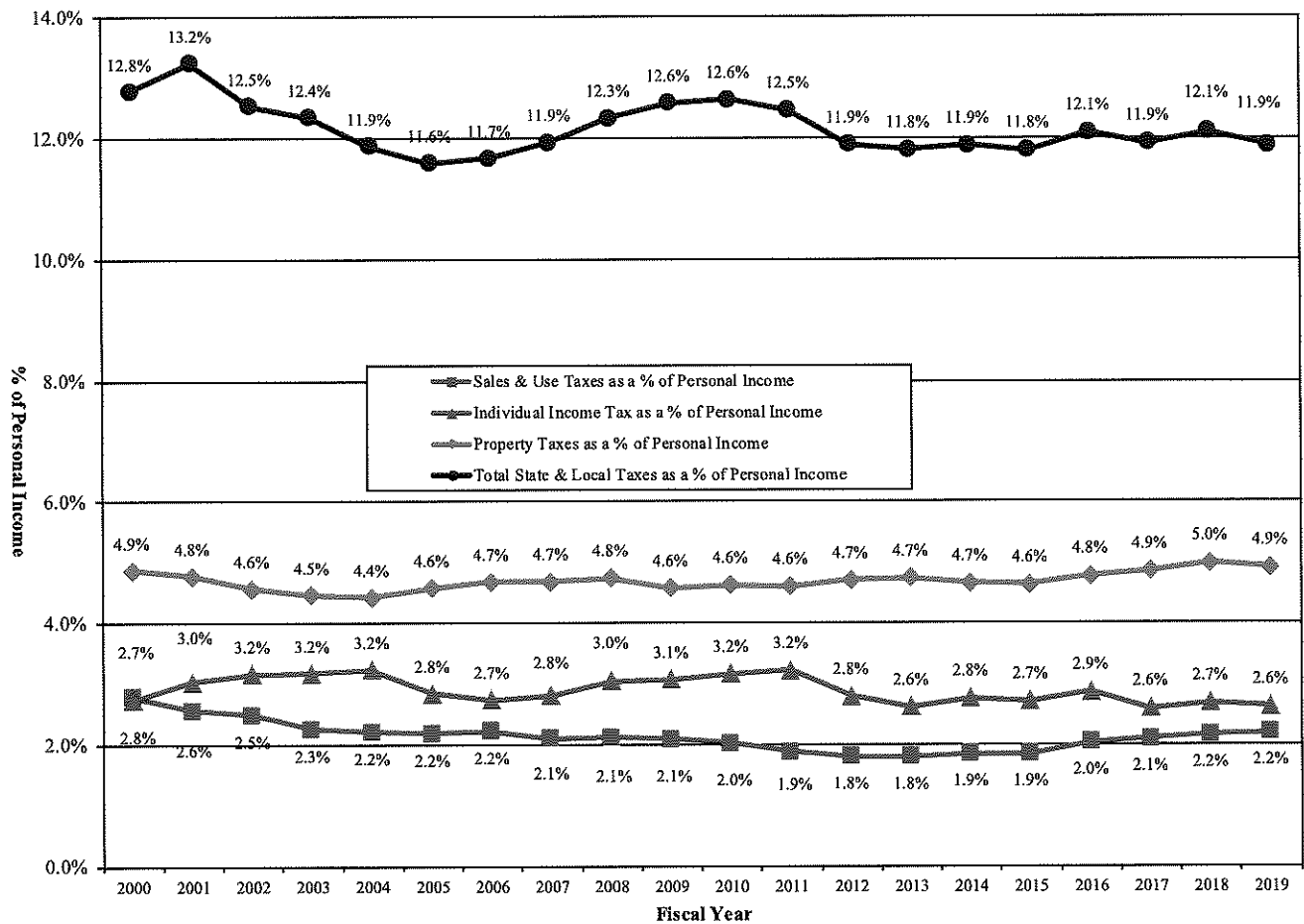
## SECTION VII- STATE AND LOCAL TAX BURDENS

This section provides a historical look at Maine’s state and local tax burdens. For the purposes of the Compendium, tax burden is portrayed by two simple measures: taxes as a percent of personal income and taxes per capita. Included in this analysis are all state and local taxes, which include most license fees and assessments. This definition of “taxes” mirrors that used by the United States Department of Commerce, Bureau of Census. The analysis breaks out the major broad-based taxes (the income taxes, the sales and use taxes and local property taxes).

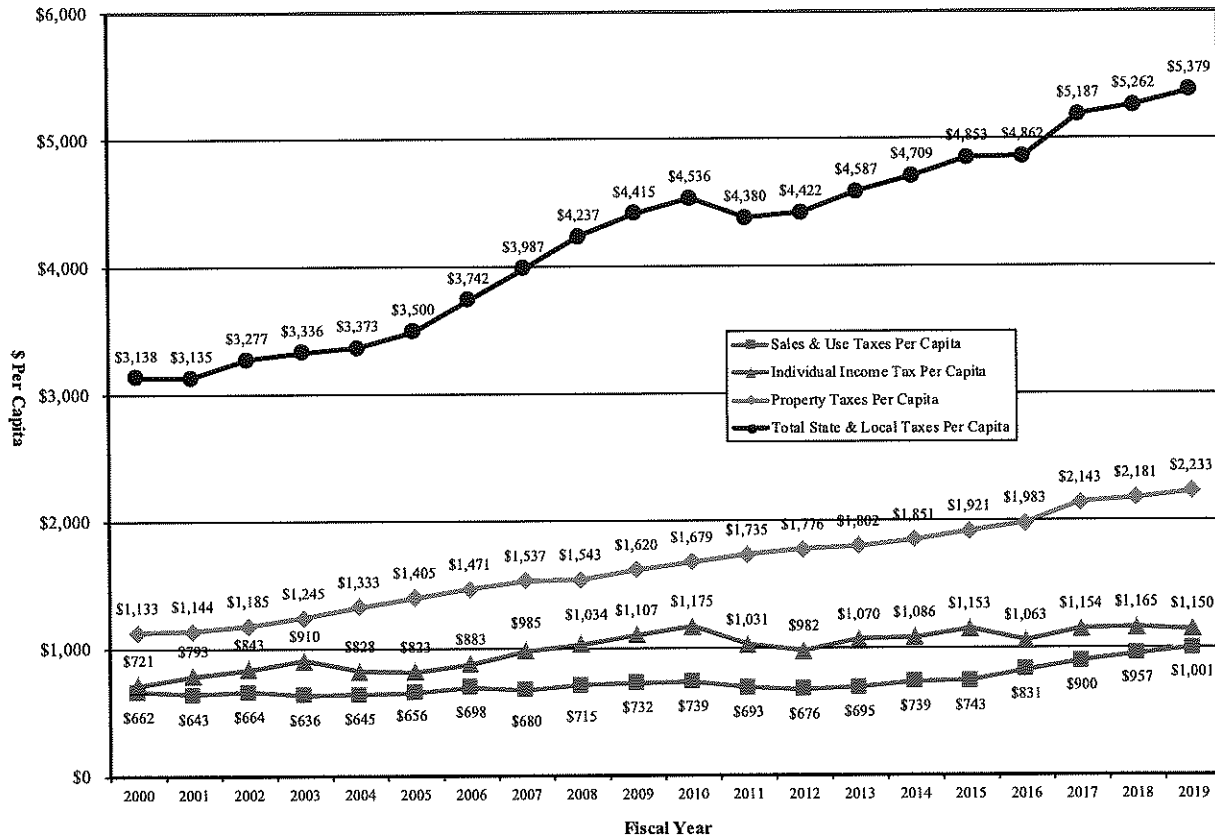
Personal income and population data used in this analysis are from the United States Department of Commerce’s Bureau of Economic Analysis and Bureau of Census, and from Maine’s State Economist. The Compendium also includes an inflation-adjusted analysis of per capita income to compare the “real” or inflation-adjusted growth of state and local taxes to population. The Compendium’s state tax data has not been reduced to reflect transfers for the Business Equipment Tax Reimbursement and the Business Equipment Property Tax Exemption programs.

Maine Revenue Services, within the Department of Administrative and Financial Services, is required to submit to the Legislature biennially a comprehensive analysis of the incidence of Maine’s tax burden.

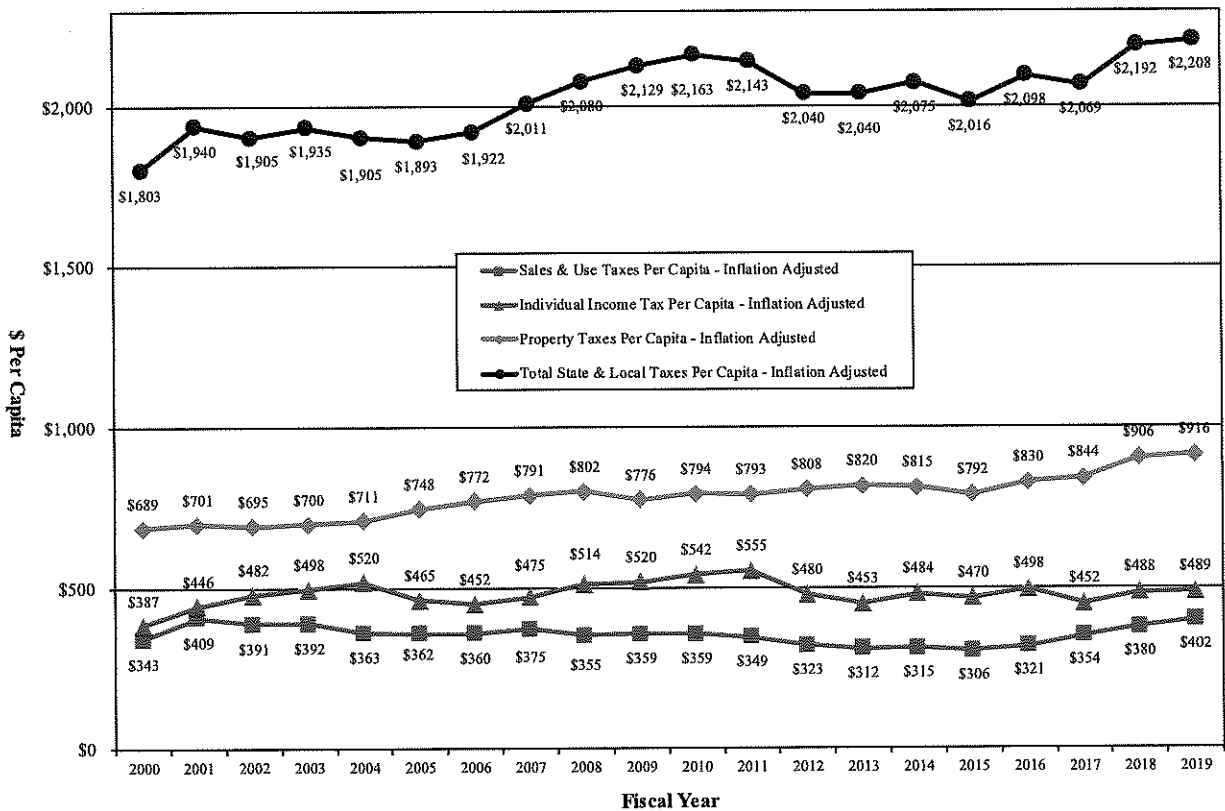
**Graph VII-1 State and Local Taxes - % of Personal Income**



**Graph VII-2 State and Local Taxes Per Capita**



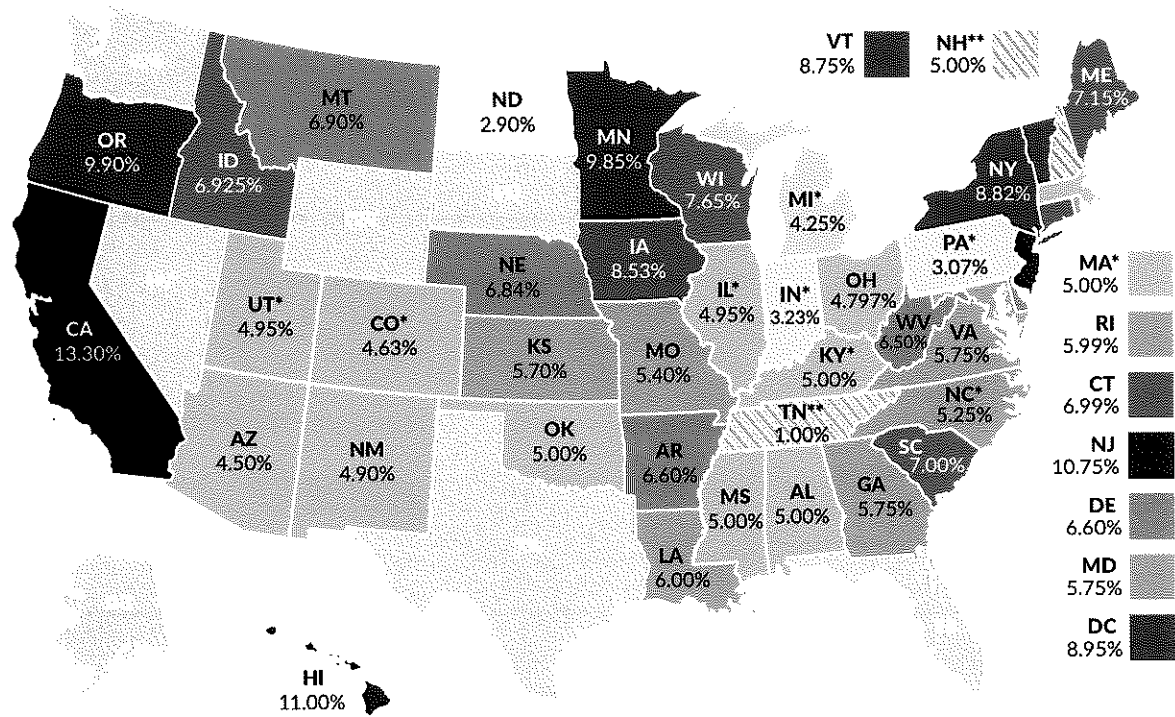
**Graph VII-3 State and Local Taxes Per Capita - Inflation Adjusted**  
Adjusted for Inflation using Consumer Price Index - All Urban Consumers (1982-1984 average = 100)



## **12. STATE-BY-STATE COMPARISONS**

# How High are Individual Income Tax Rates in Your State?

Top State Marginal Individual Income Tax Rates, 2020



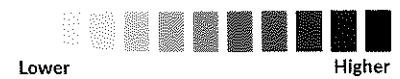
Note: Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective marginal tax rates, which would include the effects of phase-outs of various tax preferences. Local income taxes are not included.

(\*) State has a flat income tax.

(\*\*) State only taxes interest and dividends income.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg BNA.

Top State Marginal Individual Income Tax Rates



## State Individual Income Tax Rates and Brackets for 2020

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Ala.	2.00%	> \$0	2.00%	> \$0	\$2,500	\$7,500	\$1,500	\$3,000	\$1,000
(a, b, c)	4.00%	> \$500	4.00%	> \$1,000					
	5.00%	> \$3,000	5.00%	> \$6,000					
Alaska	none		none		n.a.	n.a.	n.a.	n.a.	n.a.
Ariz.	2.59%	> \$0	2.59%	> \$0	\$12,400	\$24,800	n.a.	n.a.	\$100
(d, e, f, g)	3.34%	> \$26,500	3.34%	> \$53,000					
	4.17%	> \$53,000	4.17%	> \$106,000					
	4.50%	> \$159,000	4.50%	> \$318,000					
Ark.	2.00%	> \$0	2.00%	> \$0	\$2,200	\$4,400	\$26	\$52	\$26
(d, h, i, j)	4.00%	> \$4,000	4.00%	> \$4,000					
	5.90%	> \$8,000	5.90%	> \$8,000					
	6.60%	> \$79,300	6.60%	> \$79,300					
Calif.	1.00%	> \$0	1.00%	> \$0	\$4,537	\$9,074	\$122	\$244	\$378
(a, i, k, l, m, n, o)	2.00%	> \$8,809	2.00%	> \$17,618					
	4.00%	> \$20,883	4.00%	> \$41,766					
	6.00%	> \$32,960	6.00%	> \$65,920					
	8.00%	> \$45,753	8.00%	> \$91,506					
	9.30%	> \$57,824	9.30%	> \$115,648					
	10.30%	> \$295,373	10.30%	> \$590,746					
	11.30%	> \$354,445	11.30%	> \$708,890					
	12.30%	> \$590,742	12.30%	> \$1,000,000					
	13.30%	> \$1,000,000	13.30%	> \$1,181,484					
Colo. (a, p)	4.63% of federal taxable income with modification		4.63% of federal taxable income with modification		\$12,400	\$24,800	n.a.	n.a.	n.a.
Conn.	3.00%	> \$0	3.00%	> \$0	n.a.	n.a.	\$15,000	\$24,000	\$0
(j, q, r, s)	5.00%	> \$10,000	5.00%	> \$20,000					
	5.50%	> \$50,000	5.50%	> \$100,000					
	6.00%	> \$100,000	6.00%	> \$200,000					
	6.50%	> \$200,000	6.50%	> \$400,000					
	6.90%	> \$250,000	6.90%	> \$500,000					
	6.99%	> \$500,000	6.99%	> \$1,000,000					
Del.	2.20%	> \$2,000	2.20%	> \$2,000	\$3,250	\$6,500	\$110	\$220	\$110
(a, i, n, t)	3.90%	> \$5,000	3.90%	> \$5,000					
	4.80%	> \$10,000	4.80%	> \$10,000					
	5.20%	> \$20,000	5.20%	> \$20,000					
	5.55%	> \$25,000	5.55%	> \$25,000					
	6.60%	> \$60,000	6.60%	> \$60,000					

## State Individual Income Tax Rates and Brackets for 2020, Continued

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Fla.	none		none		n.a.	n.a.	n.a.	n.a.	n.a.
Ga. (u)	1.00%	> \$0	1.00%	> \$0	\$4,600	\$6,000	\$2,700	\$7,400	\$3,000
	2.00%	> \$750	2.00%	> \$1,000					
	3.00%	> \$2,250	3.00%	> \$3,000					
	4.00%	> \$3,750	4.00%	> \$5,000					
	5.00%	> \$5,250	5.00%	> \$7,000					
	5.75%	> \$7,000	5.75%	> \$10,000					
Hawaii	1.40%	> \$0	1.40%	> \$0	\$2,200	\$4,400	\$1,144	\$2,288	\$1,144
(n, v)	3.20%	> \$2,400	3.20%	> \$4,800					
	5.50%	> \$4,800	5.50%	> \$9,600					
	6.40%	> \$9,600	6.40%	> \$19,200					
	6.80%	> \$14,400	6.80%	> \$28,800					
	7.20%	> \$19,200	7.20%	> \$38,400					
	7.60%	> \$24,000	7.60%	> \$48,000					
	7.90%	> \$36,000	7.90%	> \$72,000					
	8.25%	> \$48,000	8.25%	> \$96,000					
	9.00%	> \$150,000	9.00%	> \$300,000					
	10.00%	> \$175,000	10.00%	> \$350,000					
	11.00%	> \$200,000	11.00%	> \$400,000					
Idaho	1.125%	> \$0	1.125%	> \$0	\$12,400	\$24,800	n.a.	n.a.	n.a.
(k, p, w)	3.125%	> \$1,541	3.125%	> \$3,082					
	3.625%	> \$3,081	3.625%	> \$6,162					
	4.625%	> \$4,622	4.625%	> \$9,244					
	5.625%	> \$6,162	5.625%	> \$12,324					
	6.625%	> \$7,703	6.625%	> \$15,406					
	6.925%	> \$11,554	6.925%	> \$23,108					
Ill. (n, o, x)	4.95%	> \$0	4.95%	> \$0	n.a.	n.a.	\$2,275	\$4,550	\$2,275
Ind.	3.23%	> \$0	3.23%	> \$0	n.a.	n.a.	\$1,000	\$2,000	\$1,000
(a, n, y)									
Iowa	0.33%	> \$0	0.33%	> \$0	\$2,080	\$5,120	\$40	\$80	\$40
(a, b, i, k)	0.67%	> \$1,638	0.67%	> \$1,638					
	2.25%	> \$3,276	2.25%	> \$3,276					
	4.14%	> \$6,552	4.14%	> \$6,552					
	5.63%	> \$14,742	5.63%	> \$14,742					
	5.96%	> \$24,570	5.96%	> \$24,570					
	6.25%	> \$32,760	6.25%	> \$32,760					
	7.44%	> \$49,140	7.44%	> \$49,140					
	8.53%	> \$73,710	8.53%	> \$73,710					
Kans. (a, n)	3.10%	> \$0	3.10%	> \$0	\$3,000	\$7,500	\$2,250	\$4,500	\$2,250
	5.25%	> \$15,000	5.25%	> \$30,000					
	5.70%	> \$30,000	5.70%	> \$60,000					

## State Individual Income Tax Rates and Brackets for 2020, Continued

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Ky. (a, i)	5.00%	> \$0	5.00%	> \$0	\$2,650	\$5,300	n.a.	n.a.	n.a.
La. (b, z)	2.00%	> \$0	2.00%	> \$0	n.a.	n.a.	\$4,500	\$9,000	\$1,000
	4.00%	> \$12,500	4.00%	> \$25,000					
	6.00%	> \$50,000	6.00%	> \$100,000					
Maine (w, aa, dd)	5.80%	> \$0	5.80%	> \$0	\$12,400	\$24,800	\$4,300	\$8,600	\$300
	6.75%	> \$22,200	6.75%	> \$44,450					
	7.15%	> \$52,600	7.15%	> \$105,200					
Md. (a, n, bb, cc)	2.00%	> \$0	2.00%	> \$0	\$2,300	\$4,600	\$3,200	\$6,400	\$3,200
	3.00%	> \$1,000	3.00%	> \$1,000					
	4.00%	> \$2,000	4.00%	> \$2,000					
	4.75%	> \$3,000	4.75%	> \$3,000					
	5.00%	> \$100,000	5.00%	> \$150,000					
	5.25%	> \$125,000	5.25%	> \$175,000					
	5.50%	> \$150,000	5.50%	> \$225,000					
	5.75%	> \$250,000	5.75%	> \$300,000					
Mass.	5.00%	> \$0	5.00%	> \$0	n.a.	n.a.	\$4,400	\$8,800	\$1,000
Mich. (a)	4.25%	> \$0	4.25%	> \$0	n.a.	n.a.	\$4,750	\$9,500	\$4,400
Minn. (dd, ee)	5.35%	> \$0	5.35%	> \$0	\$12,400	\$24,800	n.a.	n.a.	\$4,300
	6.80%	> \$26,960	6.80%	> \$39,410					
	7.85%	> \$88,550	7.85%	> \$156,570					
	9.85%	> \$164,400	9.85%	> \$273,470					
Miss.	3.00%	> \$3,000	3.00%	> \$3,000	\$2,300	\$4,600	\$6,000	\$12,000	\$1,500
	4.00%	> \$5,000	4.00%	> \$5,000					
	5.00%	> \$10,000	5.00%	> \$10,000					
Mo. (a, b, k, n, w)	1.50%	> \$105	1.50%	> \$105	\$12,400	\$24,800	n.a.	n.a.	n.a.
	2.00%	> \$1,053	2.00%	> \$1,053					
	2.50%	> \$2,106	2.50%	> \$2,106					
	3.00%	> \$3,159	3.00%	> \$3,159					
	3.50%	> \$4,212	3.50%	> \$4,212					
	4.00%	> \$5,265	4.00%	> \$5,265					
	4.50%	> \$6,318	4.50%	> \$6,318					
	5.00%	> \$7,371	5.00%	> \$7,371					
	5.40%	> \$8,424	5.40%	> \$8,424					

State Individual Income Tax Rates and Brackets for 2020, *Continued*

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Mont.	1.00%	> \$0	1.00%	> \$0	\$4,710	\$9,420	\$2,510	\$5,020	\$2,510
(b, k, ff)	2.00%	> \$3,100	2.00%	> \$3,100					
	3.00%	> \$5,400	3.00%	> \$5,400					
	4.00%	> \$8,200	4.00%	> \$8,200					
	5.00%	> \$11,100	5.00%	> \$11,100					
	6.00%	> \$14,300	6.00%	> \$14,300					
	6.90%	> \$18,400	6.90%	> \$18,400					
Nebr.	2.46%	> \$0	2.46%	> \$0	\$7,000	\$14,000	\$140	\$280	\$140
(i, n)	3.51%	> \$3,290	3.51%	> \$6,570					
	5.01%	> \$19,700	5.01%	> \$39,410					
	6.84%	> \$31,750	6.84%	> \$63,500					
Nev.		none		none	n.a.	n.a.	n.a.	n.a.	n.a.
N.H. (gg)	5.00%	> \$0	5.00%	> \$0	n.a.	n.a.	\$2,400	\$4,800	n.a.
N.J. (a)	1.400%	> \$0	1.400%	> \$0	n.a.	n.a.	\$1,000	\$2,000	\$1,500
	1.750%	> \$20,000	1.750%	> \$20,000					
	3.500%	> \$35,000	2.450%	> \$50,000					
	5.525%	> \$40,000	3.500%	> \$70,000					
	6.370%	> \$75,000	5.525%	> \$80,000					
	8.970%	> \$500,000	6.370%	> \$150,000					
	10.750%	> \$5,000,000	8.970%	> \$500,000					
			10.750%	> \$5,000,000					
N.M.	1.70%	> \$0	1.70%	> \$0	\$12,400	\$24,800	n.a.	n.a.	n.a.
	3.20%	> \$5,500	3.20%	> \$8,000					
	4.70%	> \$11,000	4.70%	> \$16,000					
	4.90%	> \$16,000	4.90%	> \$24,000					
N.Y.	4.00%	> \$0	4.00%	> \$0	\$8,000	\$16,050	n.a.	n.a.	\$1,000
(a, j, n)	4.50%	> \$8,500	4.50%	> \$17,150					
	5.25%	> \$11,700	5.25%	> \$23,600					
	5.90%	> \$13,900	5.90%	> \$27,900					
	6.21%	> \$21,400	6.09%	> \$43,000					
	6.49%	> \$80,650	6.41%	> \$161,550					
	6.85%	> \$215,400	6.85%	> \$323,200					
	8.82%	> \$1,077,550	8.82%	> \$2,155,350					
N.C.	5.25%	> \$0	5.25%	> \$0	\$10,750	\$21,500	n.a.	n.a.	n.a.
N.D.	1.10%	> \$0	1.10%	> \$0	\$12,400	\$24,800	n.a.	n.a.	n.a.
(k, p, w)	2.04%	> \$39,450	2.04%	> \$65,900					
	2.27%	> \$95,500	2.27%	> \$159,200					
	2.64%	> \$199,250	2.64%	> \$242,550					
	2.90%	> \$433,200	2.90%	> \$433,200					



## State Individual Income Tax Rates and Brackets for 2020, Continued

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Ohio	2.850%	> \$21,750	2.850%	> \$21,750	n.a.	n.a.	\$2,350	\$4,700	\$2,350
(a, hh)	3.326%	> \$43,450	3.326%	> \$43,450					
	3.802%	> \$86,900	3.802%	> \$86,900					
	4.413%	> \$108,700	4.413%	> \$108,700					
	4.797%	> \$217,400	4.797%	> \$217,400					
Okla. (n)	0.50%	> \$0	0.50%	> \$0	\$6,350	\$12,700	\$1,000	\$2,000	\$1,000
	1.00%	> \$1,000	1.00%	> \$2,000					
	2.00%	> \$2,500	2.00%	> \$5,000					
	3.00%	> \$3,750	3.00%	> \$7,500					
	4.00%	> \$4,900	4.00%	> \$9,800					
	5.00%	> \$7,200	5.00%	> \$12,200					
Ore.	5.00%	> \$0	5.00%	> \$0	\$2,315	\$4,630	\$210	\$420	\$210
(a, b, i, k,	7.00%	> \$3,550	7.00%	> \$7,100					
n, ii)	9.00%	> \$8,900	9.00%	> \$17,800					
	9.90%	> \$125,000	9.90%	> \$250,000					
Pa. (a)	3.07%	> \$0	3.07%	> \$0	n.a.	n.a.	n.a.	n.a.	n.a.
R.I.	3.75%	> \$0	3.75%	> \$0	\$8,900	\$17,800	\$4,150	\$8,300	\$4,150
(e, dd, jj)	4.75%	> \$65,250	4.75%	> \$65,250					
	5.99%	> \$148,350	5.99%	> \$148,350					
S.C.	0.00%	> \$0	0.00%	> \$0	\$12,400	\$24,800	n.a.	n.a.	\$4,190
(p, w, dd)	3.00%	> \$3,070	3.00%	> \$3,070					
	4.00%	> \$6,150	4.00%	> \$6,150					
	5.00%	> \$9,230	5.00%	> \$9,230					
	6.00%	> \$12,310	6.00%	> \$12,310					
	7.00%	> \$15,400	7.00%	> \$15,400					
S.D.	none		none		n.a.	n.a.	n.a.	n.a.	n.a.
Tenn. (gg)	1.00%	> \$0	1.00%	> \$0	n.a.	n.a.	\$1,250	\$2,500	n.a.
Tex.		none		none	n.a.	n.a.	n.a.	n.a.	n.a.
Utah (kk,	4.95%	> \$0	4.95%	> \$0	\$744	\$1,488	n.a.	n.a.	\$579
ll)									
Vt.	3.35%	> \$0	3.35%	> \$0	\$6,150	\$12,300	\$4,250	\$8,500	\$4,250
(k, mm)	6.60%	> \$39,600	6.60%	> \$66,150					
	7.60%	> \$96,000	7.60%	> \$159,950					
	8.75%	> \$200,200	8.75%	> \$243,750					

State Individual Income Tax Rates and Brackets for 2020, *Continued*

State	Single Filer		Married Filing Jointly		Standard Deduction		Personal Exemption		
	Rates	Brackets	Rates	Brackets	Single	Couple	Single	Couple	Dependent
Va. (n)	2.00%	> \$0	2.00%	> \$0	\$4,500	\$9,000	\$930	\$1,860	\$930
	3.00%	> \$3,000	3.00%	> \$3,000					
	5.00%	> \$5,000	5.00%	> \$5,000					
	5.75%	> \$17,000	5.75%	> \$17,000					
Wash.	none		none		n.a.	n.a.	n.a.	n.a.	n.a.
W.Va. (a, n)	3.00%	> \$0	3.00%	> \$0	n.a.	n.a.	\$2,000	\$4,000	\$2,000
	4.00%	> \$10,000	4.00%	> \$10,000					
	4.50%	> \$25,000	4.50%	> \$25,000					
	6.00%	> \$40,000	6.00%	> \$40,000					
	6.50%	> \$60,000	6.50%	> \$60,000					
Wis.	4.00%	> \$0	4.00%	> \$0	\$11,050	\$20,470	\$700	\$1,400	\$700
(n, dd, nn)	5.21%	> \$11,970	5.21%	> \$15,960					
	6.27%	> \$23,930	6.27%	> \$31,910					
	7.65%	> \$263,480	7.65%	> \$351,310					
Wyo.	none		none		n.a.	n.a.	n.a.	n.a.	n.a.
D.C.	4.00%	> \$0	4.00%	> \$0	\$12,400	\$24,800	n.a.	n.a.	n.a.
(w)	6.00%	> \$10,000	6.00%	> \$10,000					
	6.50%	> \$40,000	6.50%	> \$40,000					
	8.50%	> \$60,000	8.50%	> \$60,000					
	8.75%	> \$350,000	8.75%	> \$350,000					
	8.95%	> \$1,000,000	8.95%	> \$1,000,000					

- (a) Local income taxes are excluded. Eleven states have county- or city-level income taxes; the average rates expressed as a percentage of AGI within each jurisdiction are: 0.10% in Alabama; 0.19% in Delaware; 0.73% in Indiana; 0.11% in Iowa; 1.29% in Kentucky; 2.28% in Maryland; 0.17% in Michigan; 0.23% in Missouri; 1.49% in New York; 1.56% in Ohio; and 1.21% in Pennsylvania. In California, Colorado, Kansas, New Jersey, Oregon, and West Virginia, some jurisdictions have payroll taxes, flat-rate wage taxes, or interest and dividend income taxes. See Jared Walczak, "Local Income Taxes in 2019," Tax Foundation, July 30, 2019, <https://taxfoundation.org/local-income-taxes-2019/>.
- (b) These states allow some or all of federal income tax paid to be deducted from state taxable income.
- (c) For single taxpayers with AGI below \$23,000, the standard deduction is \$2,500. This standard deduction amount is reduced by \$25 for every additional \$500 of AGI, not to fall below \$2,000. For Married Filing Joint (MFJ) taxpayers with AGI below \$23,000, the standard deduction is \$7,500. This standard deduction amount is reduced by \$175 for every additional \$500, not to fall below \$4,000. For all taxpayers claiming a dependent with AGI of \$20,000 or less, the dependent exemption is \$1,000. This amount is reduced to \$500 per dependent for taxpayers with AGI above \$20,000 and equal to or less than \$100,000. For taxpayers with over \$100,000 AGI, the dependent exemption is \$300 per dependent.
- (d) Statutory rates and brackets for 2020 are shown. Brackets are adjusted annually for inflation, but 2020 inflation adjustments not available as of publication and are not reflected in the table.
- (e) Standard deduction and/or personal exemption is adjusted for inflation. Inflation-adjusted amounts for tax year 2020 are shown.
- (f) Arizona's standard deduction can be adjusted upward by an amount equal to 25 percent of the amount the taxpayer would have claimed in charitable deductions if the taxpayer had claimed itemized deductions.
- (g) In lieu of a dependent exemption, Arizona offers a child tax credit of \$100 per dependent under the age of 17 and \$25 per dependent age 17 and older. The credit phases out for taxpayers with federal adjusted gross income (FAGI) above \$200,000 (single filers) or \$400,000 (MFJ).
- (h) Rates apply to individuals earning more than \$79,300. Two special tax tables exist for low and middle income individuals. One for individuals below \$22,000 in income, and one for those between \$22,000 and \$79,300.
- (i) Standard deduction or personal exemption is structured as a tax credit.
- (j) Arkansas, Connecticut, and New York have "tax benefit recapture," by which many high-income taxpayers pay their top tax rate on all income, not just on amounts above the benefit threshold.
- (k) Bracket levels adjusted for inflation each year. Inflation-adjusted bracket widths for 2020 were not available as of publication, so table reflects 2019 inflation-adjusted bracket widths.
- (l) Exemption credits phase out for single taxpayers by \$6 for each \$2,500 of federal AGI above \$194,504 and for MFJ filers by \$12 for each \$2,500 of federal AGI above \$389,013. The credit cannot be reduced to below zero.

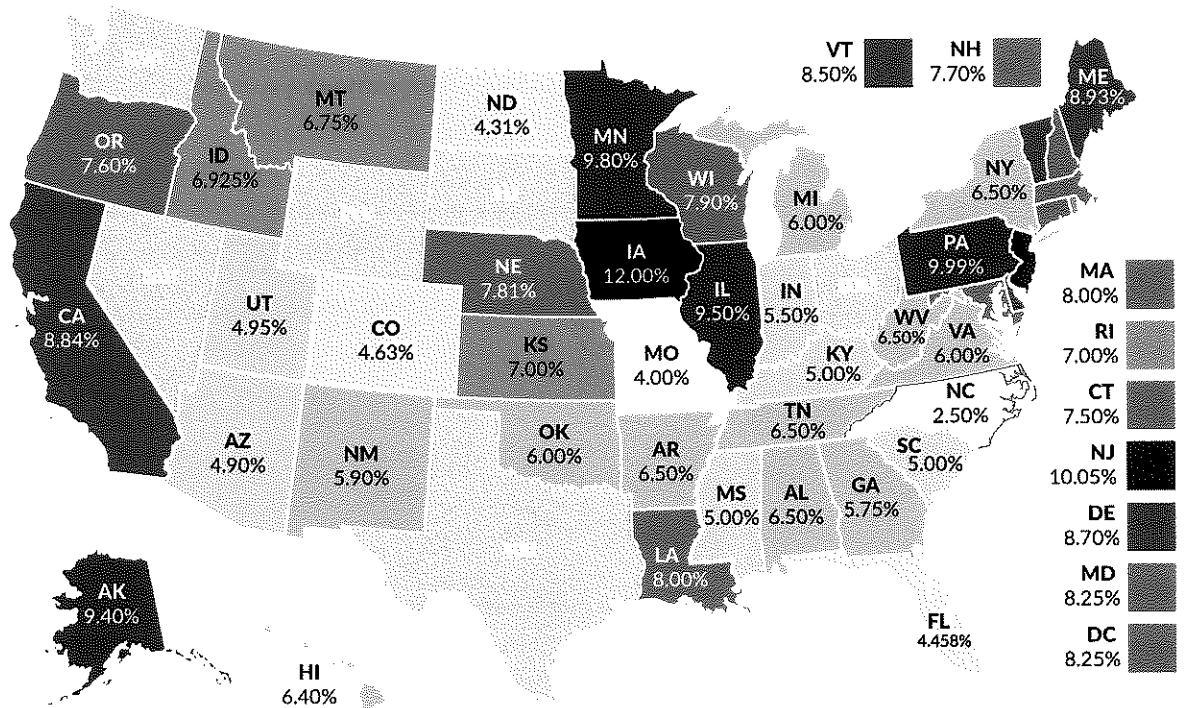
- (m) Rates include the additional tax at the rate of 1 percent on taxable income in excess of \$1 million.
- (n) State provides a state-defined personal exemption amount for each exemption available and/or deductible under the Internal Revenue Code. Under the Tax Cuts and Jobs Act, the personal exemption is set at \$0 until 2026 but not eliminated. Because it is still available, these state-defined personal exemptions remain available in some states but are set to \$0 in other states.
- (o) Standard deduction and/or personal exemption adjusted annually for inflation, but the 2020 inflation adjustment was not available at time of publication, so table reflects actual 2019 amount(s).
- (p) Colorado, North Dakota, and South Carolina include the federal standard deduction in their income starting point.
- (q) Connecticut has a complex set of phase-out provisions. For each single taxpayer whose Connecticut AGI exceeds \$56,500, the amount of the taxpayer's Connecticut taxable income to which the 3 percent tax rate applies shall be reduced by \$1,000 for each \$5,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds said amount. Any such amount will have a tax rate of 5 percent instead of 3 percent. Additionally, each single taxpayer whose Connecticut AGI exceeds \$200,000 shall pay an amount equal to \$90 for each \$5,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds \$200,000 but is less than \$500,000, and by an additional \$50 for each \$5,000, or fraction thereof, by which the taxpayer's AGI exceeds \$500,000, up to a maximum payment of \$3,150. For each MFJ taxpayer whose Connecticut AGI exceeds \$100,500, the amount of the taxpayer's Connecticut taxable income to which the 3 percent tax rate applies shall be reduced by \$2,000 for each \$5,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds said amount. Any such amount of Connecticut taxable income to which, as provided in the preceding sentence, the 3 percent tax rate does not apply shall be an amount to which the 5 percent tax rate shall apply. Each MFJ taxpayer whose Connecticut AGI exceeds \$400,000 dollars shall pay, in addition to the amount above, an amount equal to \$180 for each \$10,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds \$400,000, up to a maximum of \$5,400, and a further \$100 for each \$10,000, or fraction thereof, by which Connecticut AGI exceeds \$1 million, up to a combined maximum payment of \$6,300.
- (r) Connecticut taxpayers are also given personal tax credits (1-75%) based upon adjusted gross income.
- (s) Connecticut's personal exemption phases out by \$1,000 for each \$1,000, or fraction thereof, by which a single filer's Connecticut AGI exceeds \$30,000 and a MFJ filer's Connecticut AGI exceeds \$48,000.
- (t) In addition to the personal income tax rates, Delaware imposes a tax on lump-sum distributions.
- (u) Ga. Code Ann. §48-7-20(b) provides that Georgia's top marginal individual income tax rate will be reduced to 5.5 percent for tax years 2020 and thereafter if a joint resolution to reduce the rate is ratified by the governor and both chambers of the General Assembly on or after Jan. 13, 2020.
- (v) Additionally, Hawaii allows any taxpayer, other than a corporation, acting as a business entity in more than one state and required by law to file a return, to report and pay a tax of 0.5 percent of its annual gross sales (1) where the taxpayer's only activities in Hawaii consist of sales, (2) when the taxpayer does not own or rent real estate or tangible personal property, and (3) when the taxpayer's annual gross sales in or into Hawaii do not exceed \$100,000. Haw. Rev. Stat. § 235-51 (2015).
- (w) Deduction and/ or exemption tied to federal tax system. Federal deductions and exemptions are indexed for inflation, and where applicable, the tax year 2020 inflation-adjusted amounts are shown.
- (x) As of June 1, 2017, taxpayers cannot claim the personal exemption if their adjusted gross income exceeds \$250,000 (single filers) or \$500,000 (MFJ).
- (y) \$1,000 is a base exemption. If dependents meet certain conditions, filers can take an additional \$1,500 exemption for each.
- (z) Standard deduction and personal exemptions are combined: \$4,500 for single and married filing separately; \$9,000 MFJ and head of household.
- (aa) Maine's dependent personal exemption is structured as a tax credit.
- (bb) The standard deduction is 15 percent of income with a minimum of \$1,550 and a cap of \$2,300 for single filers and married filing separately filers. The standard deduction is a minimum of \$3,100 and capped at \$4,600 for MFJ filers, head of household filers, and qualifying widows/ widowers.
- (cc) The exemption amount has the following phase out schedule: If AGI is above \$100,000 for single filers and above \$150,000 for married filers, the \$3,200 exemption begins to be phased out. If AGI is above \$150,000 for single filers and above \$200,000 for married filers, the exemption is phased out entirely.
- (dd) Bracket levels adjusted for inflation each year. Inflation-adjusted bracket widths for 2020 are shown.
- (ee) For taxpayers whose AGI exceeds \$98,925 (married filing separately) or \$197,850 (all other filers), Minnesota's standard deduction is reduced by the lesser of three percent of the excess of the taxpayer's federal AGI over the applicable amount or 80 percent of the standard deduction otherwise allowable.
- (ff) Montana filers' standard deduction is 20 percent of AGI. For single taxpayers, the deduction must be between \$2,090 and \$4,710. For married taxpayers, the deduction must be between \$4,180 and \$9,420.
- (gg) Applies to interest and dividend income only.
- (hh) Ohio's personal and dependent exemptions are \$2,350 for an AGI of \$40,000 or less, \$2,100 if AGI is more than \$40,000 but less than or equal to \$80,000, and \$1,850 if AGI is greater than \$80,000.
- (ii) The personal exemption credit is not allowed if federal AGI exceeds \$100,000 for single filers or \$200,000 for MFJ.
- (jj) The phase-out range for the personal exemption and deduction is \$207,700- \$231,500. The exemptions and deductions are completely phased-out at a modified Federal AGI of \$231,500.
- (kk) The standard deduction is taken in the form of a nonrefundable credit of 6 percent of the federal standard or itemized deduction amount, excluding the deduction for state or local income tax. This credit phases out at 1.3 cents per dollar of AGI above \$14,601 (\$29,202 for married couples).
- (ll) Inflation-adjusted standard deduction and/ or personal exemption amounts for 2020 were not available as of publication, so table reflects 2019 inflation-adjusted amounts.
- (mm) For taxpayers with federal AGI that exceeds \$150,000, the taxpayer will pay the greater of state income tax or 3 percent of federal AGI.
- (nn) The standard deduction phases out by 12 percent at \$15,940 for single filers and 19.778 percent at \$23,000 for joint filers. The standard deduction phases out to zero at \$108,023 for single filers and \$126,499 for joint filers.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax.

Update: This table was updated on 2/12/2020 to reflect the most recent data available for Maine, Maryland, Nebraska, and Oregon.

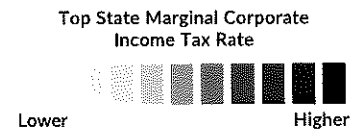
# How High are Corporate Income Tax Rates in Your State?

Top Marginal Corporate Income Tax Rates as of January 1, 2020



Note: (\*) 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. Delaware and Oregon have gross receipts taxes in addition to corporate income taxes, as do several states like Pennsylvania, Virginia, and West Virginia, which permit gross receipts taxes at the local (but not state) level. Florida's corporate income tax rate will return to 5.5% for tax years beginning on or after Jan. 1, 2022. Georgia's corporate income tax rate will revert to 6% on January 1, 2026. The state could see a drop to 5.5% in 2020, pending legislative approval. Illinois' rate includes two separate corporate income taxes, one at a 7% rate and one at a 2.5% rate. Indiana's rate will change to 5.25% on July 1, 2020. The rate is scheduled to decrease to 4.9% by 2022. Mississippi continues to phase out the 3 percent bracket by increasing the exemption by \$1,000 a year. This year, the exemption is \$3,000. By the start of 2022, the 3 percent bracket will be fully eliminated. New Hampshire's rate is 7.9% for tax periods ending before Dec. 31, 2019. In New Jersey, the rates indicated apply to a corporation's entire net income rather than just income over the threshold. A temporary surcharge is in effect, bringing the rate to 10.5 percent for businesses with income over \$1 million. 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.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax



## State Corporate Income Tax Rates and Brackets for 2020

State	Rates	Brackets	State	Rates	Brackets	State	Rates	Brackets
Ala.	6.5%	> \$0	Iowa	6%	> \$0	N.J. (h)	6.5%	> \$0
Alaska	0.0%	> \$0		8%	> \$25,000		7.5%	> \$50,000
	2.0%	> \$25,000		10%	> \$100,000		9.0%	> \$100,000
	3.0%	> \$49,000		12%	> \$250,000		10.5%	> \$1,000,000
	4.0%	> \$74,000	Kans.	4%	> \$0	N.M.	4.8%	> \$0
	5.0%	> \$99,000		7%	> \$50,000		5.9%	> \$500,000
	6.0%	> \$124,000	Ky.	5%	> \$0	N.Y.	6.5%	> \$0
	7.0%	> \$148,000	La.	4%	> \$0	N.C.	2.5%	> \$0
	8.0%	> \$173,000		5%	> \$25,000	N.D.	1.41%	> \$0
	9.0%	> \$198,000		6%	> \$50,000		3.55%	> \$25,000
	9.4%	> \$222,000		7%	> \$100,000		4.31%	> \$50,000
Ariz.	4.9%	> \$0		8%	> \$200,000	Ohio	(a)	
Ark.	1.0%	> \$0	Maine	3.50%	> \$0	Okla.	6%	> \$0
	2.0%	> \$3,000		7.93%	> \$350,000	Ore. (a)	6.6%	> \$0
	3.0%	> \$6,000		8.33%	> \$1,050,000		7.6%	> \$1,000,000
	5.0%	> \$11,000		8.93%	> \$3,500,000	Pa.	9.99%	> \$0
	6.0%	> \$25,000	Md.	8.25%	> \$0	R.I.	7%	> \$0
	6.5%	> \$100,000	Mass.	8%	> \$0	S.C.	5%	> \$0
Calif.	8.84%	> \$0	Mich.	6%	> \$0	S.D.	None	
Colo.	4.63%	> \$0	Minn.	9.8%	> \$0	Tenn.	6.5%	> \$0
Conn.	7.5%	> \$0	Miss. (f)	3%	> \$3,000	Tex.	(a)	
Del. (a)	8.7%	> \$0		4%	> \$5,000	Utah	4.95%	> \$0
Fla. (b)	4.458%	> \$0		5%	> \$10,000	Vt.	6.0%	> \$0
Ga. (c)	5.75%	> \$0	Mo.	4.00%	> \$0		7.0%	> \$10,000
Hawaii	4.4%	> \$0	Mont.	6.75%	> \$0		8.5%	> \$25,000
	5.4%	> \$25,000	Nebr.	5.58%	> \$0	Va. (a)	6%	> \$0
	6.4%	> \$100,000		7.81%	> \$100,000	Wash.	(a)	
Idaho	6.925%	> \$0	Nev.	(a)		W.Va.	6.5%	> \$0
Ill. (d)	9.5%	> \$0	N.H. (g)	7.7%	> \$0	Wis.	7.9%	> \$0
Ind. (e)	5.50%	> \$0				Wyo.	None	
						D.C.	8.25%	> \$0

- (a) 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. Delaware and Oregon have gross receipts taxes in addition to corporate income taxes, as do several states like Pennsylvania, Virginia, and West Virginia, which permit gross receipts taxes at the local (but not state) level.
- (b) Florida's corporate income tax rate will return to 5.5% for tax years beginning on or after Jan. 1, 2022.
- (c) Georgia's corporate income tax rate will revert to 6% on January 1, 2026. The state could see a drop to 5.5% in 2020, pending legislative approval.
- (d) Illinois' rate includes two separate corporate income taxes, one at a 7% rate and one at a 2.5% rate.
- (e) Indiana's rate will change to 5.25% on July 1, 2020. The rate is scheduled to decrease to 4.9% by 2022.
- (f) Mississippi continues to phase out the 3 percent bracket by increasing the exemption by \$1,000 a year. This year, the exemption is \$3,000. By the start of 2022, the 3 percent bracket will be fully eliminated.
- (g) New Hampshire's rate is 7.9% for tax periods ending before Dec. 31, 2019.
- (h) In New Jersey, the rates indicated apply to a corporation's entire net income rather than just income over the threshold. A temporary surcharge is in effect, bringing the rate to 10.5 percent for businesses with income over \$1 million.

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

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax


[Member Login](#)
[Search our Articles...](#)
[Home](#)
[Divisions & Programs](#)
[Taxpayers & Preparers](#)
[Meetings](#)
[About FTA](#)
[Return to Revenue/Burdens Page](#)

## 2019 State Tax Revenue

Note, this data includes state taxes only. Excluding local taxes can bias comparisons for some states. Users should look at Summary of Tax Burden Measurement Methods article for a better understand of how to compare state tax burdens.

	Total Taxes (\$ million)	Per Capita	Rank	% of Pers. Income	Rank
Alabama	11,577	2,361	43	5.6	37
Alaska	1,781	2,434	42	4.1	50
Arizona	18,164	2,495	41	5.7	36

### Quick Links

[Meeting Calendar](#)

### Announcements

[Learn more about TaxAdmin.org](#)

Visit the Career Center at  
[careers.taxadmin.org](http://careers.taxadmin.org).

### Upcoming Events

Sun Jan 31, 2021

[2021 Compliance Workshop -  
Moved to 2022](#)

Category: FTA Events

Wed Mar 24, 2021

[Tobacco Uniformity Meeting](#)

Category: FTA Tobacco Tax Section

Thu Mar 25, 2021

[Tobacco Uniformity Meeting](#)

Arkansas	10,218	3,386	20	7.8	9
California	188,235	4,764	7	7.5	10
Colorado	15,870	2,756	36	4.8	44
Connecticut	17,994	5,047	5	6.6	19
Delaware	4,596	4,719	8	9.0	5
Dist. of Columbia	8,679	12,298	1	15.1	1
Florida	44,800	2,086	51	4.2	49
Georgia	24,713	2,328	44	5.1	42
Hawaii	8,208	5,797	3	10.4	3
Idaho	4,884	2,733	37	6.3	26
Illinois	42,501	3,354	23	5.9	35
Indiana	20,171	2,996	30	6.4	24
Iowa	10,584	3,355	22	6.7	17
Kansas	10,030	3,443	18	6.7	16
Kentucky	12,896	2,886	33	6.8	15
Louisiana	11,749	2,527	40	5.5	39
Maine	4,674	3,477	17	7.1	12
Maryland	23,606	3,905	12	6.2	29

Category: FTA Tobacco Tax Section

Fri Mar 26, 2021

Motor Fuels Uniformity Meeting

Category: FTA Motor Fuel Section

Sun Apr 11, 2021

Midwestern Motor Fuels Region  
Meeting

Category: FTA Motor Fuel Section

Wed Apr 14, 2021

Tobacco Central Region Meeting

Category: FTA Tobacco Tax Section

Sun Apr 25, 2021

Pacific Motor Fuels Region Meeting

Category: FTA Motor Fuel Section

Wed Apr 28, 2021

Tobacco Western Region Meeting

Category: FTA Tobacco Tax Section

Sun May 16, 2021

Northeast Motor Fuels Region  
Meeting

Category: FTA Motor Fuel Section

Wed May 19, 2021

Tobacco Northeast Region Meeting

Category: FTA Tobacco Tax Section

[View Full Calendar](#)

Massachusetts	31,805	4,614	10	6.4	22
Michigan	30,270	3,031	29	6.3	28
Minnesota	28,176	4,996	6	8.7	6
Mississippi	8,289	2,785	35	7.3	11
Missouri	13,181	2,148	50	4.5	46
Montana	3,169	2,965	32	6.3	27
Nebraska	5,755	2,975	31	5.6	38
Nevada	9,745	3,164	26	6.5	21
New Hampshire	2,969	2,184	47	3.6	51
New Jersey	38,844	4,373	11	6.4	25
New Mexico	7,428	3,542	15	8.5	7
New York	91,621	4,710	9	6.8	13
North Carolina	29,316	2,795	34	6.1	30
North Dakota	4,970	6,521	2	11.8	2
Ohio	30,147	2,579	39	5.3	41
Oklahoma	10,732	2,712	38	5.9	34
Oregon	13,960	3,310	25	6.6	20
Pennsylvania	43,132	3,369	21	6.0	32




Rhode Island	3,724	3,515	16	6.4	23
South Carolina	11,221	2,179	48	5.1	43
South Dakota	1,940	2,193	45	4.2	48
Tennessee	14,827	2,171	49	4.7	45
Texas	63,330	2,184	46	4.4	47
Utah	9,968	3,109	27	6.8	14
Vermont	3,429	5,495	4	10.1	4
Virginia	26,286	3,080	28	5.3	40
Washington	27,992	3,676	13	6.0	33
West Virginia	5,938	3,313	24	8.0	8
Wisconsin	20,039	3,442	19	6.7	18
Wyoming	2,111	3,647	14	6.1	31
<b>U. S. Total</b>	<b>1,090,242</b>	<b>3,321</b>		<b>6.1</b>	
<b>Median</b>		<b>3,164</b>		<b>6.3</b>	

Source: U.S. Bureau of the Census and Bureau of Economic Analysis.

Note: The Per Capita measure uses 2019 population estimated from the Census. The Percent of Personal Income measure uses 2018 state personal income from BEA.

© Federation of Tax Administrators

444 North Capitol St. NW, Suite 348, Washington, DC 20001 | Phone: 202-624-5890

[Back to top](#) 

powered by  **MemberClicks**

## STATE INDIVIDUAL INCOME TAXES

(Tax rates for tax year 2020 -- as of January 1, 2020)

	TAX RATE RANGE		Number of Brackets	INCOME BRACKETS		PERSONAL EXEMPTIONS			STANDARD DEDUCTION		FEDERAL INCOME TAX DEDUCTIBLE
	(in percents)			Lowest	Highest	Single	Married	Dependents	Single	Married	
	Low	High									
ALABAMA	2.0	- 5.0	3	500 (b)	- 3,001 (b)	1,500	3,000	500 (e)	2,500 (y)	7,500 (y)	Yes
ALASKA	No State Income Tax										
ARIZONA (a)	2.59	- 4.50	5	26,500 (b)	- 159,000 (b)	--	--	100 (c)	12,400 (d)	24,800 (d)	
ARKANSAS (a)	2.0	- 6.6 (f)	6	4,600	- 80,801	26 (c)	52 (c)	26 (c)	2,200	4,400	
CALIFORNIA (a)	1.0	12.3 (g)	9	8,809 (b)	- 590,742 (b)	122 (c)	244 (c)	378 (c)	4,537 (a)	9,074 (a)	
COLORADO	4.63		1	----Flat rate----		-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	
CONNECTICUT	3.0	- 6.99	7	10,000 (b)	- 500,000 (b)	15,000 (h)	24,000 (h)	0	-- (h)	-- (h)	
DELAWARE	0.0	- 6.6	7	2,000	- 60,001	110 (c)	220 (c)	110 (c)	3,250	6,500	
FLORIDA	No State Income Tax										
GEORGIA	1.0	- 5.75	6	750 (i)	- 7,001 (i)	2,700	7,400	3,000	4,600	6,000	
HAWAII	1.4	- 11.0	12	2,400 (b)	- 200,000 (b)	1,144	2,288	1,144	2,200	4,400	
IDAHO (a)	1.125	- 6.925	7	1,541 (b)	- 11,554 (b)	-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	
ILLINOIS (a)	4.95		1	----Flat rate----		2,275	4,550	2,275	--	--	
INDIANA	3.23		1	----Flat rate----		1,000	2,000	2,500 (j)	--	--	
IOWA (a)	0.33	- 8.53	9	15,666	- 74,970	40 (c)	80 (c)	40 (c)	2,110 (a)	5,210 (a)	Yes
KANSAS	3.1	- 5.7	3	15,000 (b)	- 30,000 (b)	2,250	4,500	2,250	3,000	7,500	
KENTUCKY	5.0		1	----Flat rate----		-----None-----			2,590	2,650	
LOUISIANA	2.0	- 6.0	3	12,500 (b)	- 50,001 (b)	4,500 (k)	9,000 (k)	1,000	-- (k)	-- (k)	Yes
MAINE (a)	5.8	- 7.15	3	22,200 (l)	- 52,600 (l)	4,300	8,600	4,300	12,400 (d)	24,800 (d)	
MARYLAND	2.0	- 5.75	8	1,000 (m)	- 250,000 (m)	3,200	6,400	3,200	2,250 (z)	4,500 (z)	
MASSACHUSETTS	5.0		1	----Flat rate----		4,400	8,800	1,000	--	--	
MICHIGAN (a)	4.25		1	----Flat rate----		4,400	8,800	4,400	--	--	
MINNESOTA (a)	5.35	- 9.85	4	26,960 (n)	- 164,401 (n)	-- (d)	-- (d)	4,250	12,400 (d)	24,800 (d)	
MISSISSIPPI	3.0	- 5.0	3	5,000	- 10,001	6,000	12,000	1,500	2,300	4,600	
MISSOURI (a)	1.5	- 5.4	9	1,053	- 8,424	-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	Yes (o)
MONTANA (a)	1.0	- 6.9	7	3,100	- 18,400	2,510	5,020	2,510	4,710 (z)	9,420 (z)	Yes (o)
NEBRASKA (a)	2.46	- 6.84	4	3,290 (b)	- 31,750 (b)	140 (c)	280 (c)	140 (c)	7,000	14,000	
NEVADA	No State Income Tax										
NEW HAMPSHIRE	State Income Tax of 5% on Dividends and Interest Income Only										
NEW JERSEY	1.4	- 10.75	6	20,000 (p)	- 5 million (p)	1,000	2,000	1,500	--	--	
NEW MEXICO	1.7	- 4.9	4	5,500 (q)	- 16,001 (q)	-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	
NEW YORK (a)	4.0	- 8.82	8	8,500 (b)	- 1,077,550 (b)	0	0	1,000	8,000	16,000	
NORTH CAROLINA	5.25		1	----Flat rate----		-----None-----			10,750	21,500	
NORTH DAKOTA (a)	1.10	- 2.90	5	40,125 (r)	- 440,600 (r)	-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	
OHIO (a)	0.0	4.797	6	21,750	- 217,400	2,350 (s)	4,700 (s)	2,350 (s)	--	--	
OKLAHOMA	0.5	- 5.0	6	1,000 (t)	- 7,200 (t)	1,000	2,000	1,000	6,350	12,700	
OREGON (a)	4.75	- 9.9	4	3,600 (b)	- 125,000 (b)	210 (c)	420 (c)	210 (c)	2,315	4,630	Yes (o)
PENNSYLVANIA	3.07		1	----Flat rate----		-----None-----			--	--	
RHODE ISLAND (a)	3.75	- 5.99	3	65,250	- 148,350	4,100	8,200	4,100	8,900 (y)	17,800 (y)	
SOUTH CAROLINA (a)	0.0	- 7.0	6	3,070	- 15,400	-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	
SOUTH DAKOTA	No State Income Tax										
TENNESSEE	1% on Dividends and Interest Income Only (x)					1,250	2,500	0			
TEXAS	No State Income Tax										
UTAH	4.95		1	----Flat rate----		--	--	--	(u)	(u)	
VERMONT (a)	3.35	- 8.75	4	40,350 (v)	- 204,000 (v)	4,250	8,500	4,250	6,150	12,300	
VIRGINIA	2.0	- 5.75	4	3,000	- 17,001	930	1,860	930	4,500	9,000	
WASHINGTON	No State Income Tax										
WEST VIRGINIA	3.0	- 6.5	5	10,000	- 60,000	2,000	4,000	2,000	--	--	
WISCONSIN (a)	4.0	- 7.65	4	11,970 (w)	- 283,480 (w)	700	1,400	700	11,050 (y)	22,999 (y)	
WYOMING	No State Income Tax										
DIST. OF COLUMBIA	4.0	- 8.95	6	10,000	- 1,000,000	-- (d)	-- (d)	-- (d)	12,400 (d)	24,800 (d)	

Source: The Federation of Tax Administrators from various sources.

## STATE INDIVIDUAL INCOME TAXES

(Tax rates for tax year 2020 -- as of January 1, 2020)

- (a) 19 states have statutory provision for automatically adjusting to the rate of inflation the dollar values of the income tax brackets, standard deductions, and/or personal exemptions. Michigan indexes the personal exemption only. Oregon does not index the income brackets for \$125,000 and over.
- (b) For joint returns, taxes are twice the tax on half the couple's income.
- (c) The personal exemption takes the form of a tax credit instead of a deduction
- (d) These states use the personal exemption/standard deduction amounts provided in the federal Internal Revenue Code.
- (e) In Alabama, the per-dependent exemption is \$1,000 for taxpayers with state AGI of \$20,000 or less, \$500 with AGI from \$20,001 to \$100,000, and \$300 with AGI over \$100,000.
- (f) Arkansas has separate brackets for taxpayers with income under \$75,000 and \$21,000.
- (g) California imposes an additional 1% tax on taxable income over \$1 million, making the maximum rate 13.3% over \$1 million.
- (h) Connecticut's personal exemption incorporates a standard deduction. An additional tax credit is allowed ranging from 75% to 0% based on state adjusted gross income. Exemption amounts are phased out for higher income taxpayers until they are eliminated for households earning over \$71,000.
- (i) The Georgia income brackets reported are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from \$1,000, to \$10,000.
- (j) In Indiana, includes an additional exemption of \$1,500 for each dependent child.
- (k) The amounts reported for Louisiana are a combined personal exemption-standard deduction.
- (l) The income bracket reported for Maine are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from \$44,450 to \$105,200.
- (m) The income brackets reported for Maryland are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from \$1,000, to \$300,000.
- (n) The income brackets reported for Minnesota are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from \$39,410 to \$273,470.
- (o) The deduction for federal income tax is limited to \$5,000 for individuals and \$10,000 for joint returns in Missouri and Montana, and to \$6,500 for all filers in Oregon.
- (p) The New Jersey rates reported are for single individuals. For married couples filing jointly, the tax rates also range from 1.4% to 10.75%, with 8 brackets and the same high and low income ranges.
- (q) The income brackets reported for New Mexico are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from \$8,000 to \$24,000.
- (r) The income brackets reported for North Dakota are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from \$67,050 to \$440,600.
- (s) Ohio provides an additional tax credit of \$20 per exemption. Exemption amounts reduced for higher income taxpayers.
- (t) The income brackets reported for Oklahoma are for single persons. For married persons filing jointly, the same tax rates apply to income brackets ranging from \$2,000, to \$12,200.
- (u) Utah provides a tax credit equal to 6% of the federal personal exemption amounts (and applicable standard deduction).
- (v) Vermont's income brackets reported are for single individuals. For married taxpayers filing jointly, the same tax rates apply to income brackets ranging from \$67,450 to \$248,350.
- (w) The Wisconsin income brackets reported are for single individuals. For married taxpayers filing jointly, the same tax rates apply income brackets ranging from \$15,960, to \$351,310.
- (x) Tennessee Half Tax Rate on Dividends and Interest is being phased out, 1% reduction each year
- (y) Alabama standard deduction is phased out for incomes over \$23,000. Rhode Island exemptions & standard deductions phased out for incomes over \$203,850; Wisconsin standard deduction phases out for income over \$15,939.
- (z) Maryland standard deduction limited to 15% of AGI; Montana, 20% of AGI.

## RANGE OF STATE CORPORATE INCOME TAX RATES

(For tax year 2020 -- as of January 1, 2020)

STATE	TAX RATE (percent)	TAX BRACKETS		NUMBER OF BRACKETS	TAX RATE (a) (percent)	FEDERAL INCOME TAX FINANCIAL INST. DEDUCTIBLE
		LOWEST	HIGHEST			
ALABAMA	6.5	----Flat Rate----		1	6.5	Yes
ALASKA	0 - 9.4	25,000	222,000	10	0 - 9.4	
ARIZONA	4.9 (b)	----Flat Rate----		1	4.9 (b)	
ARKANSAS	1.0 - 6.5	3,000	100,001	6	1.0 - 6.5	
CALIFORNIA	8.84 (b)	----Flat Rate----		1	10.84 (b)	
COLORADO	4.63	----Flat Rate----		1	4.63	
CONNECTICUT	7.5 (c)	----Flat Rate----		1	7.5 (c)	
DELAWARE	8.7	----Flat Rate----		1	8.7-1.7 (d)	
FLORIDA	4.458 (e)	----Flat Rate----		1	4.458 (e)	
GEORGIA	5.75	----Flat Rate----		1	5.75	
HAWAII	4.4 - 6.4 (f)	25,000	100,001	3	7.92 (f)	
IDAHO	6.925 (g)	----Flat Rate----		1	6.925 (g)	
ILLINOIS	9.5 (h)	----Flat Rate----		1	9.5 (h)	
INDIANA	5.5 (i)	----Flat Rate----		1	6.0	
IOWA	6.0 - 12.0	25,000	250,001	4	5.0	Yes (j)
KANSAS	4.0 (k)	----Flat Rate----		1	2.25 (k)	
KENTUCKY	5.0	----Flat Rate----		1	--- (a)	
LOUISIANA	4.0 - 8.0	25,000	200,001	5	4.0 - 8.0	Yes
MAINE	3.5 - 8.93	350,000	3.5 Million	4	1.0 (l)	
MARYLAND	8.25	----Flat Rate----		1	8.25	
MASSACHUSETTS	8.0 (m)	----Flat Rate----		1	9.0 (m)	
MICHIGAN	6.0	----Flat Rate----		1	--- (a)	
MINNESOTA	9.8 (n)	----Flat Rate----		1	9.8 (n)	
MISSISSIPPI	0 - 5.0	2,000	10,001	4	0 - 5.0	
MISSOURI	4.0	----Flat Rate----		1	7.0	Yes (j)
MONTANA	6.75 (o)	----Flat Rate----		1	6.75 (o)	
NEBRASKA	5.58 - 7.81	100,000		2	--- (a)	
NEVADA	--	No corporate income tax				
NEW HAMPSHIRE	7.7 (p)	----Flat Rate----		1	7.7 (p)	
NEW JERSEY	9.0 (q)	----Flat Rate----		1	9.0 (q)	
NEW MEXICO	4.8 - 5.9	500,000		2	4.8 - 5.9	
NEW YORK	6.5 (r)	----Flat Rate----		1	6.5 (r)	
NORTH CAROLINA	2.5	----Flat Rate----		1	2.5	
NORTH DAKOTA	1.41 - 4.31 (s)	25,000	50,001	3	1.41 - 4.31 (s)	
OHIO	(t)	----Flat Rate----		1	--- (t)	
OKLAHOMA	6.0	----Flat Rate----		1	6.0	
OREGON	6.6 - 7.6 (u)	1 million		2	6.6 - 7.6 (u)	
PENNSYLVANIA	9.99	----Flat Rate----		1	--- (a)	
RHODE ISLAND	7.0 (b)	----Flat Rate----		1	9.0 (b)	
SOUTH CAROLINA	5.0	----Flat Rate----		1	4.5 (v)	
SOUTH DAKOTA	--	No corporate income tax				6.0-0.25% (b)
TENNESSEE	6.5	----Flat Rate----		1	6.5	
TEXAS	(w)	----Flat Rate----		1	(w)	
UTAH	4.95 (b)	----Flat Rate----		1	4.95 (b)	
VERMONT	6.0 - 8.5 (b)	10,000	25,000	3	--- (a)	
VIRGINIA	6.0	----Flat Rate----		1	6.0	
WASHINGTON	--	No corporate income tax				
WEST VIRGINIA	6.5	----Flat Rate----		1	6.5	
WISCONSIN	7.9	----Flat Rate----		1	7.9	
WYOMING	--	No corporate income tax				
DIST. OF COLUMBIA	8.25 (b)	----Flat Rate----		1	8.25 (b)	

Source: Compiled by FTA from various sources.

Footnotes on next page.

## RANGE OF STATE CORPORATE INCOME TAX RATES

(For tax year 2020 -- as of January 1, 2020)

- (a) Rates listed are the corporate income tax rate applied to financial institutions or excise taxes based on income. Some states have other taxes based upon the value of deposits or shares.
- (b) Minimum tax is \$800 in California, \$250 in District of Columbia, \$50 in Arizona and North Dakota (banks), \$400 (\$100 banks) in Rhode Island, \$200 per location in South Dakota (banks), \$100 in Utah, \$300 in Vermont.
- (c) Connecticut's tax is the greater of the 7.5% tax on net income, a 0.31% tax on capital stock and surplus (maximum tax of \$1 million), or \$250 (the minimum tax). A 10% surcharge is imposed for tax year 2020.
- (d) The Delaware Bank marginal rate decreases over 4 brackets ranging from \$20 to \$650 million in taxable income. Building and loan associations are taxed at a flat 8.7%.
- (e) The Florida tax rate may be adjusted downward if certain revenue targets are met.
- (f) Hawaii taxes capital gains at 4%. Financial institutions pay a franchise tax of 7.92% of taxable income (in lieu of the corporate income tax and general excise taxes).
- (g) Idaho's minimum tax on a corporation is \$20. The \$10 Permanent Building Fund Tax must be paid by each corporation in a unitary group filing a combined return. Taxpayers with gross sales in Idaho under \$100,000, and with no property or payroll in Idaho, may elect to pay 1% on such sales (instead of the tax on net income).
- (h) The Illinois rate of 9.5% is the sum of a corporate income tax rate of 7.0% plus a replacement tax of 2.5%.
- (i) The Indiana Corporate tax rate is scheduled to decrease to 5.25% on July 1, 2020. Bank tax rate is scheduled to decrease to 5.5% on 1/1/21.
- (j) 50% of the federal income tax is deductible.
- (k) In addition to the flat 4% corporate income tax, Kansas levies a 3.0% surtax on taxable income over \$50,000. Banks pay a privilege tax of 2.25% of net income, plus a surtax of 2.125% (2.25% for savings and loans, trust companies, and federally chartered savings banks) on net income in excess of \$25,000.
- (l) The state franchise tax on financial institutions is either (1) the sum of 1% of the Maine net income of the financial institution for the taxable year, plus 8¢ per \$1,000 of the institution's Maine assets as of the end of its taxable year, or (2) 39¢ per \$1,000 of the institution's Maine assets as of the end of its taxable year.
- (m) Business and manufacturing corporations pay an additional tax of \$2.60 per \$1,000 on either taxable Massachusetts tangible property or taxable net worth allocable to the state (for intangible property corporations). The minimum tax for both corporations and financial institutions is \$456.
- (n) In addition, Minnesota levies a 5.8% tentative minimum tax on Alternative Minimum Taxable Income. Minnesota also imposes a surtax ranging up to \$10,380.
- (o) Montana levies a 7% tax on taxpayers using water's edge combination. The minimum tax per corporation is \$50; the \$50 minimum applies to each corporation included on a combined tax return. Taxpayers with gross sales in Montana of \$100,000 or less may pay an alternative tax of 0.5% on such sales, instead of the net income tax.
- (p) New Hampshire's 7.7% Business Profits Tax is imposed on both corporations and unincorporated associations with gross income over \$50,000. In addition, New Hampshire levies a Business Enterprise Tax of 0.675% on the enterprise base (total compensation, interest and dividends paid) for businesses with gross receipts over \$208,000 or enterprise base over \$104,000, adjusted every biennium for CPI. The Business Profits Tax is scheduled to decrease to 7.5% for tax year 2021.
- (q) New Jersey also imposes a 1.5% surtax on taxpayers with income over \$1 million in tax year 2020. Small businesses with annual entire net income under \$100,000 pay a tax rate of 7.5%; businesses with income under \$50,000 pay 6.5%. The minimum Corporation Business Tax is based on New Jersey gross receipts. It ranges from \$500 for a corporation with gross receipts less than \$100,000, to \$2,000 for a corporation with gross receipts of \$1 million or more.
- (r) New York's General business corporate rate shown. Corporations may also be subject to a capital stocks tax, which is being phased out through 2021. A minimum tax ranges from \$25 to \$200,000, depending on receipts (\$250 minimum for banks). Certain qualified New York manufacturers pay 0%.
- (s) North Dakota imposes a 3.5% surtax for filers electing to use the water's edge method to apportion income.
- (t) Ohio no longer levies a tax based on income (except for a particular subset of corporations), but instead imposes a Commercial Activity Tax (CAT) equal to \$150 for gross receipts situated to Ohio of between \$150,000 and \$1 million, plus 0.26% of gross receipts over \$1 million. Banks continue to pay a franchise tax of 1.3% of net worth. For those few corporations for whom the franchise tax on net worth or net income still applies, a litter tax also applies.
- (u) Oregon's minimum tax for C corporations depends on the Oregon sales of the filing group. The minimum tax ranges from \$150 for corporations with sales under \$500,000, up to \$100,000 for companies with sales of \$100 million or above.
- (v) South Carolina taxes savings and loans at a 6% rate.
- (w) Texas imposes a Franchise Tax, otherwise known as margin tax, imposed on entities with more than \$1,130,000 total revenues at rate of 0.75%, or 0.375% for entities primarily engaged in retail or wholesale trade, on lesser of 70% of total revenues or 100% of gross receipts after deductions for either compensation or cost of goods sold.

Table 15. Comparison of State/Local Retail Sales Taxes - 2017

STATE	Tax Rate (%)	Avg. Local Tax Rate (a)	Combined Tax Rate	Maximum Local Rate	EXEMPTIONS		
					Food (1)	Prescription Drugs	Nonprescription Drugs
ALABAMA	4.000	5.010	9.010	7.000		*	
ALASKA	0.000	1.760	1.760	7.500			
ARIZONA	5.600	2.650	8.250	5.300	*	*	
ARKANSAS	6.500	2.800	9.300	5.125	1.5% (4)	*	
CALIFORNIA (3)	7.250	1.000	8.250	2.500	*	*	
COLORADO	2.900	4.600	7.500	8.300	*	*	
CONNECTICUT	6.350	0.000	6.350	0.000	*	*	
DELAWARE	0.000	0.000	0.000	0.000			
FLORIDA	6.000	0.800	6.800	2.000	*	*	*
GEORGIA	4.000	3.000	7.000	4.000	* (4)	*	
HAWAII	4.000	0.350	4.350	0.500		*	
IDAHO	6.000	0.030	6.030	3.000		*	
ILLINOIS	6.250	2.390	8.640	4.750	0.01	0.01	0.01
INDIANA	7.000	0.000	7.000	0.000	*	*	
IOWA	6.000	0.800	6.800	1.000	*	*	
KANSAS	6.500	2.120	8.620	4.000		*	
KENTUCKY	6.000	0.000	6.000	0.000	*	*	
LOUISIANA	5.000	4.980	9.980	7.000	* (4)	*	
MAINE	5.500	0.000	5.500	0.000	*	*	
MARYLAND	6.000	0.000	6.000	0.000	*	*	*
MASSACHUSETTS	6.250	0.000	6.250	0.000	*	*	
MICHIGAN	6.000	0.000	6.000	0.000	*	*	
MINNESOTA	6.875	0.420	7.300	1.500	*	*	*
MISSISSIPPI	7.000	0.070	7.070	1.000		*	
MISSOURI	4.225	3.660	7.890	5.000	1.225	*	
MONTANA	0.000	0.000	0.000	0.000		*	
NEBRASKA	5.500	1.390	6.890	2.000	*	*	
NEVADA (6)	6.850	1.130	7.980	1.300	*	*	
NEW HAMPSHIRE	0.000	0.000	0.000	0.000			
NEW JERSEY	6.875	-0.030	6.850	0.000	*	*	*
NEW MEXICO	5.125	2.430	7.550	3.563	*	*	
NEW YORK	4.000	4.490	8.490	4.875	*	*	*
NORTH CAROLINA	4.750	2.150	6.900	2.750	* (4)	*	
NORTH DAKOTA	5.000	1.780	6.780	3.500	*	*	
OHIO	5.750	1.390	7.140	2.250	*	*	
OKLAHOMA	4.500	4.360	8.860	6.500		*	
OREGON	0.000	0.000	0.000	0.000			
PENNSYLVANIA	6.000	0.340	6.340	2.000			
RHODE ISLAND	7.000	0.000	7.000	0.000	*	*	
SOUTH CAROLINA	6.000	1.220	7.220	2.500	*	*	
SOUTH DAKOTA	4.500	1.890	6.390	4.500		*	
TENNESSEE	7.000	2.460	9.460	2.750	5% (4)	*	
TEXAS	6.250	1.940	8.190	2.000	*	*	*
UTAH	5.950	0.810	6.760	2.150	3.0% (5)	*	
VERMONT	6.000	0.180	6.180	1.000	*	*	*
VIRGINIA	5.300	0.330	5.630	0.700	2.5% (2)	*	*
WASHINGTON	6.500	2.420	8.920	3.400	*	*	
WEST VIRGINIA	6.000	0.290	6.290	1.000	*	*	
WISCONSIN	5.000	0.420	5.420	1.750	*	*	
WYOMING	4.000	1.400	5.400	2.000	*	*	
DIST. OF COLUMBIA	5.750	0.000	5.750	0.000	*	*	*

\* -- indicates exempt from tax, blank indicates subject to general sales tax rate.

Source: Compiled by FTA from various sources.

(1) Some state tax food, but allow a rebate or income tax credit to compensate poor households. They are: HI, ID, KS, OK,

(2) Includes statewide 1.0% tax levied by local governments in Virginia.

(3) Tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.

(4) Food sales subject to local taxes.

(5) Includes a statewide 1.25% tax levied by local governments in Utah.

(6) New Jersey rate scheduled to decrease to 6.625%, 1/1/18; Louisiana will decrease to 4%, 7/1/18

(a) City, county, and municipal rates vary. These rates are weighted by population to compute an average local tax rate.

(b) Three states levy mandatory, statewide, local add-on sales taxes: California (1%), Utah (1.25%), Virginia (1%). We include these in their state sales taxes.

(c) The sales taxes in Hawaii, New Mexico, and South Dakota have broad bases that include many services.

(d) Due to data limitations, this table does not include sales taxes in local resort areas in Montana.

(e) Salem County is not subject to the statewide sales tax rate and collects a total rate of 3.5%. New Jersey's average local rate is represented as a negative.



**STATE EXCISE TAX RATES ON CIGARETTES**

(January 1, 2020)

STATE	TAX RATE (¢ per pack)	RANK	STATE	TAX RATE (¢ per pack)	RANK
Alabama (a)	67.5	41	Nebraska	64	42
Alaska	200	17	Nevada	180	23
Arizona	200	17	New Hampshire	178	24
Arkansas	115	35	New Jersey	270	12
California	287	11	New Mexico	200	17
Colorado	84	39	New York (a)	435	2
Connecticut	435	2	North Carolina	45	47
Delaware	210	15	North Dakota	44	48
Florida (b)	133.9	31	Ohio	160	27
Georgia	37	49	Oklahoma	203	16
Hawaii	320	6	Oregon	133	32
Idaho	57	45	Pennsylvania	260	13
Illinois (a)	298	10	Rhode Island	425	4
Indiana	99.5	38	South Carolina	57	45
Iowa	136	30	South Dakota	153	28
Kansas	129	33	Tennessee (a) (c)	62	43
Kentucky	110	36	Texas	141	29
Louisiana	108	37	Utah	170	25
Maine	200	17	Vermont	308	7
Maryland	200	17	Virginia (a)	30	50
Massachusetts	351	5	Washington	302.5	9
Michigan	200	17	West Virginia	120	34
Minnesota (d)	304	8	Wisconsin	252	14
Mississippi	68	40	Wyoming	60	44
Missouri (a)	17	51			
Montana	170	25	Dist. of Columbia (e)	450	1
			U. S. Median	170	

Source: Compiled by FTA from state sources.

(a) Counties and cities may impose an additional tax on a pack of cigarettes: in Alabama, 1¢ to 25¢; Illinois, 10¢ to \$4.18; Missouri, 4¢ to 7¢; New York City, \$1.50; Tennessee, 1¢; and Virginia, 2¢ to 15¢.

(b) Florida's rate includes a surcharge of \$1 per pack.

(c) Dealers pay an additional enforcement and administrative fee of 0.05¢ in Tennessee.

(d) In addition, Minnesota imposes an in lieu cigarette sales tax determined annually by the Department.

The current rate is 61.0¢ through December 31, 2020.

(e) In addition, District of Columbia imposes an in lieu cigarette sales tax calculated every March 31. The current rate is 48¢

**STATE TAX RATES ON DISTILLED SPIRITS**  
(January 1, 2020)

STATE	EXCISE TAX RATES (\$ per gallon)	GENERAL SALES TAX APPLIES	OTHER TAXES
Alabama	see footnote (1)	Yes	
Alaska	\$12.80	n.a.	under 21% - \$2.50/gallon
Arizona	3.00	Yes	
Arkansas	2.50	Yes	under 5% - \$0.50/gallon, under 21% - \$1.00/gallon; \$0.20/case; 3% off- 14% on-premise retail taxes
California	3.30	Yes	over 50% - \$6.60/gallon
Colorado	2.28	Yes	
Connecticut	5.94	Yes	under 7% - \$2.71/gallon
Delaware	4.50	n.a.	25% or less - \$3.00/gallon
Florida	6.50	Yes	under 17.259% - \$2.25/gallon, over 55.780% - \$9.53/gallon
Georgia	3.79	Yes	\$0.83/gallon local tax
Hawaii	5.98	Yes	
Idaho	see footnote (1)	Yes	
Illinois	8.55	Yes	under 20% - \$1.39/gallon; \$2.68/gallon in Chicago and \$2.50/gallon in Cook County
Indiana	2.68	Yes	under 15% - \$0.47/gallon
Iowa	see footnote (1)	Yes	
Kansas	2.50	--	8% off- and 10% on-premise retail tax
Kentucky	1.92	Yes	under 6% - \$0.25/gallon; \$0.05/case and 11% wholesale tax
Louisiana	3.03	Yes	
Maine	see footnote (1)	Yes	
Maryland	1.50	Yes	9% sales tax
Massachusetts	4.05		under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales
Michigan	see footnote (1)	Yes	
Minnesota	5.03	--	\$0.01/bottle (except miniatures) and 9% sales tax
Mississippi	see footnote (1)	Yes	
Missouri	2.00	Yes	
Montana	see footnote (1)	n.a.	
Nebraska	3.75	Yes	
Nevada	3.60	Yes	5% to 14% - \$0.70/gallon, 15% to 22% - \$1.30/gallon
New Hampshire	see footnote (1)	n.a.	
New Jersey	5.50	Yes	
New Mexico	6.06	Yes	
New York	6.44	Yes	under 24% - \$2.54/gal.; additional \$1.00/gal. in New York City
North Carolina	see footnote (1)	Yes (2)	
North Dakota	2.50	--	7% state sales tax
Ohio	see footnote (1)	Yes	
Oklahoma	5.56	Yes	13.5% on-premise
Oregon	see footnote (1)	n.a.	
Pennsylvania	see footnote (1)	Yes	
Rhode Island	5.40	Yes	
South Carolina	2.72	Yes	\$5.36/case and 9% surtax; additional 5% on-premise tax
South Dakota	3.93	Yes	under 14% - \$0.93/gallon; 2% wholesale tax
Tennessee	4.40	Yes	15% on-premise; under 7% - \$1.10/gallon.
Texas	2.40	Yes	6.7% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	see footnote (1)	no	10% on-premise sales tax
Virginia	see footnote (1)	Yes	
Washington (3)	14.27	--	\$9.24/gal. on-premise; 20.5% retail sales tax, 13.7% sales tax to on-premise
West Virginia	see footnote (1)	Yes	
Wisconsin	3.25	Yes	\$0.03/gallon administrative fee
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	1.50	--	9% off- and on-premise sales tax
U.S. Median	\$3.77		

Source: Compiled by FTA from state sources.

Notes:

n.a. = not applicable. These 5 states do not have a general sales tax.

(1) In 17 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees, price mark-ups, and net liquor profits.

(2) General sales tax applies to on-premise sales only.

(3) Washington privatized liquor sales effective June 1, 2012.

**STATE TAX RATES ON WINE**  
(January 1, 2020)

STATE	EXCISE TAX RATES (\$ per gallon)	GENERAL SALES TAX APPLIES	OTHER TAXES
Alabama	\$1.70	Yes	\$0.26/gallon local; over 16.5% - \$9.16/gallon
Alaska	2.50	n.a.	
Arizona	0.84	Yes	over 24% - \$4.00/gallon
Arkansas	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; 3% off- and 10% on-premise
California	0.20	Yes	sparkling wine - \$0.30/gallon
Colorado	0.28	Yes	
Connecticut	0.79	Yes	over 21% - \$1.98/gallon; sparkling - \$1.94/gallon
Delaware	1.63	n.a.	
Florida	2.25	Yes	over 17.259% - \$3.00/gallon, sparkling wine \$3.50/gallon
Georgia	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax
Hawaii	1.38	Yes	sparkling wine - \$2.12/gallon, wine coolers - \$0.85/gallon
Idaho	0.45	Yes	
Illinois	1.39	Yes	over 20% - \$8.55/gallon; (\$0.36 - \$0.89/gallon in Chicago; (\$0.24 - \$0.45)/gallon in Cook County
Indiana	0.47	Yes	over 21% - \$2.68/gallon
Iowa	1.75	Yes	under 5% - \$0.19/gallon
Kansas	0.30	--	over 14% - \$0.75/gallon; 8% off- and 11% on-premise
Kentucky	0.50	Yes	10.0% wholesale
Louisiana	0.76	Yes	14% to 24% - \$1.32/gallon, over 24% and sparkling wine - \$2.08/gallon
Maine	0.60	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; 7% on-premise sales tax
Maryland	0.40	--	9% sales tax
Massachusetts	0.55		sparkling wine - \$0.70/gallon;
Michigan	0.51	Yes	over 16% - \$0.76/gallon
Minnesota	0.30	--	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; over 24% - \$3.52/gallon; \$0.01/bottle (except miniatures) and 9% sales tax
Mississippi	0.35	Yes	sparkling wine and champagne - \$1.00/gallon;
Missouri	0.42	Yes	includes additional charges
Montana	1.02	n.a.	over 16% - sold through state stores
Nebraska	0.95	Yes	over 14% - \$1.35/gallon
Nevada	0.70	Yes	14% to 22% - \$1.30/gallon, over 22% - \$3.60/gallon
New Hampshire	0.30	n.a.	
New Jersey	0.875	Yes	
New Mexico	1.70	Yes	
New York	0.30	Yes	
North Carolina	1.00	Yes	over 17% - \$1.11/gallon
North Dakota	0.50	--	over 17% - \$0.60/gallon; 7% sales tax
Ohio	0.30	Yes	over 14% to 21% - \$0.98/gal., vermouth - \$1.08/gal., sparkling wine - \$1.48/gal.
Oklahoma	0.72	Yes	sparkling wine - \$2.08/gallon; 13.5% on-premise
Oregon	0.67	n.a.	over 14% - \$0.77/gallon
Pennsylvania	see footnote (1)	Yes	
Rhode Island	1.40	Yes	sparkling wine - \$0.75/gallon
South Carolina	0.90	Yes	\$0.18/gallon additional tax
South Dakota	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax
Tennessee	1.21	Yes	15% on-premise
Texas	0.204	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon; 6.7% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	0.55	Yes	over 16% - sold through state store, 10% on-premise sales tax
Virginia	1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state stores
Washington	0.87	Yes	over 14% - \$1.75/gallon
West Virginia	1.00	Yes	5% local tax
Wisconsin	0.25	Yes	over 14% - \$0.45/gallon
Wyoming	see footnote (1)	Yes	
Dist. of Columt	0.30	--	9% off- and on-premise sales tax; over 14% - \$0.40/gal.; Sparkling - \$0.45/gal.
U.S. Median	0.73		

Source: Compiled by FTA from state sources.

Notes:

n.a. = not applicable. These 5 states do not have a general sales tax.

(1) All wine sales are through state stores. Revenue in these states is generated from various taxes, fees, price mark-ups, and net profits.

## STATE TAX RATES ON BEER

(January 1, 2020)

	EXCISE TAX RATES (\$ per gallon)	GENERAL SALES TAX APPLIES	OTHER TAXES
Alabama	\$0.53	Yes	\$0.52/gallon local tax statewide
Alaska	1.07	n.a.	
Arizona	0.16	Yes	
Arkansas	0.23	Yes	3% off- 10% on-premise tax
California	0.20	Yes	
Colorado	0.08	Yes	
Connecticut	0.24	Yes	
Delaware	0.26	n.a.	
Florida	0.48	Yes	
Georgia	0.32	Yes	\$0.53/gallon local tax
Hawaii	0.93	Yes	\$0.54/gallon draft beer
Idaho	0.15	Yes	over 4% - \$0.45/gallon
Illinois	0.231	Yes	\$0.29/gallon in Chicago and \$0.09/gallon in Cook County
Indiana	0.115	Yes	
Iowa	0.19	Yes	
Kansas	0.18	--	8% off- and 10% on-premise
Kentucky	0.08	Yes	10.0% wholesale tax
Louisiana	0.40	Yes	\$0.048/gallon local tax
Maine	0.35	Yes	7% on-premise sales tax
Maryland	0.09	--	9% sales tax
Massachusetts	0.11		0.57% on private club sales
Michigan	0.20	Yes	
Minnesota	0.148	--	under 3.2% - \$0.077/gallon, 9% sales tax
Mississippi	0.4268	Yes	
Missouri	0.06	Yes	
Montana	0.14	n.a.	
Nebraska	0.31	Yes	
Nevada	0.16	Yes	
New Hampshire	0.30	n.a.	
New Jersey	0.12	Yes	
New Mexico	0.41	Yes	
New York	0.14	Yes	additional \$0.12/gallon in New York City
North Carolina	0.6171	Yes	
North Dakota	0.16	--	7% state sales tax, bulk beer \$0.08/gal.
Ohio	0.18	Yes	
Oklahoma	0.40	Yes	under 3.2% - \$0.36/gallon; 13.5% on-premise
Oregon	0.08	n.a.	
Pennsylvania	0.08	Yes	
Rhode Island	0.11	Yes	\$0.04/case wholesale tax
South Carolina	0.77	Yes	
South Dakota	0.27	Yes	
Tennessee	1.29	Yes	Excise Barrelage Tax and Wholesale Tax
Texas	0.194	Yes	14.95% on-premise and \$0.05/drink on airline sales
Utah	0.4226	Yes	over 3.2% - sold through state store
Vermont	0.265	Yes	more than 6% alcohol - \$0.55; 10% on-premise sales tax
Virginia	0.2565	Yes	
Washington	0.26	Yes	
West Virginia	0.18	Yes	
Wisconsin	0.06	Yes	
Wyoming	0.02	Yes	
Dist. of Colum	0.09	Yes	9% off- and on-premise sales tax
U.S. Median	\$0.20		

Source: Compiled by FTA from state sources.

Note: n.a. = not applicable. These 5 states do not have a general sales tax.

# Revenue Outlook and Forecast – Tax Expenditures

---

## Section 1: TAX EXPENDITURES

State law requires Maine Revenue Services-Office of Tax Policy to provide two tax expenditure reports in January of every odd-numbered year. The first report must be included in the state budget document. 5 M.R.S.A. §1664 provides that the document specifically include

. . . the estimated loss in revenue during the last completed fiscal year and the fiscal year in progress, and the anticipated loss in revenue for each fiscal year of the ensuing biennium, caused by the tax expenditures provided in Maine statutes; the term "tax expenditures" means those State tax revenue losses attributable to provisions of Maine tax laws which allow a special exclusion, exemption or deduction or which provide a specific credit, a preferential rate of tax or a deferral of tax liability.

The second report, required by 36 M.R.S.A. § 199-B, must be submitted to the Joint Standing Committee on Taxation. This report must contain

“a summary of each tax expenditure, a description of the purpose and background of the tax expenditure and the groups likely to benefit from the tax expenditure, an estimate of the cost of the tax expenditure for the current biennium, any issues regarding tax expenditures that need to be considered by the Legislature, and any recommendation regarding the amendment, repeal or replacement of the tax expenditure.”

This report meets the first statutory requirement.

The tax expenditure budget is a concept that was developed to assure a budget review process for tax preferences similar to the review required for direct expenditure programs. The federal government and most state governments engage in a periodic review of tax expenditures. At the federal level a “normal” income tax structure is first determined using the broadest possible definition of income. Tax expenditures are reductions in income caused by a special exclusion, exemption or deduction, or reductions in tax liability which provide a tax credit, preferential tax rate or deferral of tax liability. At the state level this same “normal” tax law reference is used to calculate both sales and income tax expenditures.

Generally, tax expenditures provide tax incentives designed to encourage certain activities by taxpayers or provide relief to taxpayers in special circumstances. Many tax expenditures are the equivalent of a governmental subsidy in which the foregone tax revenue is essentially a direct budget outlay to specific groups of taxpayers. The object of this report is to identify and estimate the fiscal impact of those provisions of the state tax structure which grant benefits analogous to those provided by direct state spending programs.

In developing this report we have excluded from the above definition of tax expenditure those expenditures that are (1) established by federal mandate (e.g., the sales tax exclusion for food stamp

purchases), (2) created at the state level to maintain conformity with traditional tax law when the federal government deviates from that law because it creates credits that the state does not adopt (e.g., the subtraction modification associated with federal work opportunity credit), or (3) the result of the state taxing certain activities under a different tax system (e.g., the income of a financial institution that is an S corporation).

In estimating the revenue loss attributed to a particular tax expenditure, it is assumed that the provision of law granting special tax treatment is repealed and that no other changes in tax law, taxpayer behavior or general economic activity occur as a result of its repeal. Consequently, it should not be concluded that the repeal of any of these tax expenditures will necessarily generate the amount of revenue which they are estimated to forego.

Some tax expenditures are estimated rather accurately from available administrative information or the state's micro-simulation tax models. For a much larger number of expenditures, special data must be developed which is less complete and accurate. Estimates for fiscal year 2022 and fiscal year 2023 generally assume modest increases in household and business activity as the economy recovers from the COVID-19 recession, based on the economic forecast provided by the Consensus Economic Forecasting Committee in November 2020.

Finally, there are some expenditures where no information exists, and our limited resources preclude any special survey or other data generation procedures. Estimates for this group are reported as a range in an attempt to place some bounds on the size of these expenditures.

Maine's individual and corporate income tax systems are based upon the federal definitions of adjusted gross income and taxable income. Therefore, certain tax expenditures are authorized by continued acceptance of the provisions of the Internal Revenue Code. Unlike sales and excise tax expenditures or state income tax expenditures related to state tax credits or modifications from Federal Adjusted Gross Income (AGI), these are not subject to a systematic, periodic review by the Legislature. In many cases, the basis for identifying, estimating and forecasting income tax expenditures which are derived from federal conformity is the Joint Committee on Taxation's (JCT) Estimates of Federal Tax Expenditures for Federal Fiscal Years 2020-2024, compiled by the U.S. Joint Standing Committee on Taxation in their November 2020 report.

Tax expenditures resulting from conformity to Federal AGI that do not involve an above-the-line deduction on the Federal Form 1040 are particularly challenging to estimate due to a lack of data. For this reason we isolate these expenditures at the end of the income tax section and provide specific estimates only for the largest expenditures. These estimates, based on the JCT study, are only intended to convey the order of magnitude of the expenditure.

All tax expenditure estimates in this report reflect revenue loss to the General Fund.

## General Fund Tax Expenditures – Income Tax (Personal and Corporate) and Property Tax Reimbursement

General Fund Income Tax Expenditures	36 MRSA §	FY'20	FY'21	FY'22	FY'23
Reimbursement For Business Equipment Tax Exemption to Municipalities	Chapter 105, Subchapter 4-c	\$49,194,722	\$49,755,000	\$57,050,000	\$61,900,000
Reimbursement for Taxes Paid on Certain Business Property (BETR)	Chapter 915	\$25,490,793	\$21,600,000	\$20,200,000	\$18,900,000
Income from depreciation recapture on sale of multi-family affordable housing property	5122(2)(Z)	B	B	B	B
Deduction for Social Security Benefits Taxable at Federal Level	5122(2)(C)	\$99,100,000	\$102,900,000	\$110,200,000	\$119,600,000
Deduction for Contributions to Capital Construction Funds	5122(2)(I)	\$560,000	\$530,000	\$520,000	\$520,000
Deduction for Pension Income	5122(2)(M)	\$31,200,000	\$31,100,000	\$31,200,000	\$31,600,000
Deduction for Interest and Dividends on Maine State and Local Securities - Individual Income Tax	5122(2)(N)	\$500,000	\$500,000	\$500,000	\$500,000
Deduction for Holocaust Victim Settlement Payments	5122(2)(O)	A	A	A	A
Deduction for active duty military pay earned outside of Maine	5122(2)(LL)	\$900,000	\$910,000	\$910,000	\$930,000
Military annuity payments made to survivor	5122(2)(HH)	\$58,000	\$58,000	\$57,000	\$57,000
Family development account proceeds	10 MRSA §1077	A	A	A	A
Municipal property tax benefits for senior citizens	5122(2)(EE)	A	A	A	A
Deduction for gain on sales of eligible timberlands	5122(2)(U)	A	B	C	C
Itemized Deductions	5125	\$9,200,000	\$9,000,000	\$8,700,000	\$8,800,000
Additional standard deduction for the elderly and disabled	5124-A	\$9,100,000	\$9,400,000	\$10,400,000	\$10,900,000
Deduction for Exempt Associations, Trusts and Organizations	5162(2)	A	A	A	A
Deduction for Interest and Dividends on U.S., Maine State and Local Securities	5200-A(2)(K)	C	C	C	C
Credit to Beneficiary for Accumulation Distribution	5214-A	B	B	B	B
Seed Capital Investment Tax Credit	5216-B	\$3,900,000	\$5,500,000	\$6,900,000	\$8,400,000
Credit for Educational Opportunity	5217-D	\$28,800,000	\$23,000,000	\$41,500,000	\$47,900,000
Income Tax Credit for Child Care Expense	5218	\$4,250,000	\$4,200,000	\$4,150,000	\$4,150,000
Research Expense Tax Credit	5219-K	\$3,960,000	\$2,530,000	\$1,650,000	\$2,180,000
Credit for Rehabilitation of Historic Properties	5219-BB	\$10,200,000	\$9,350,000	\$8,950,000	\$9,200,000
Earned Income Credit**	5219-S	\$8,800,000	\$8,720,000	\$16,630,000	\$16,630,000
Pine Tree Development Zone Tax Credit	5219-W	\$2,350,000	\$1,640,000	\$1,660,000	\$1,700,000
Biofuel commercial production and commercial use	5219-XX	\$0	\$0	A	A
	5219-Y, c. 919-				
Tax Benefits for Media Production Companies	A	\$128,590	\$50,000	\$150,000	\$150,000
Dental Care Access Credit	5219-BB	\$42,000	\$64,000	\$111,000	\$166,000
New Markets Capital Investment Credit	5219-HH	\$12,994,000	\$9,026,000	\$4,306,000	\$3,667,000
Credit for Wellness Programs	5219-FF	\$12,000	\$12,000	\$12,000	\$12,000
Maine fishery infrastructure investment tax credit	5216-D	B	B	B	B
Innovation Finance Credit	5219-EE	\$0	\$0	*	*
Primary Care Access Credit	5219-LL	\$159,000	\$208,000	\$256,000	\$319,000
Property Tax Fairness Credit	5219-KK	\$26,000,000	\$35,650,000	\$35,350,000	\$35,350,000
Sales Tax Fairness Credit	5213-A	\$24,600,000	\$23,900,000	\$23,800,000	\$22,950,000
Maine Capital Investment Credit for tyboa 1/1/20	5219-NN	\$0	\$2,800,000	\$4,250,000	\$5,000,000
Credit for certain homestead modifications	5219-PP	\$4,365	\$5,000	\$6,000	\$6,000
Credit for disability income protection plans in the workplace	5219-OO	A	B	B	B
Adult dependent care credit	5218-A	\$22,000	\$24,000	\$24,000	\$24,000
Credit for major business headquarters expansions	5219-QQ	\$0	\$0	\$0	\$760,000
	5219-UU and				
Employer Credit for Family Leave	2536	\$60,000	\$20,000	\$40,000	\$0
Employment Tax Increment Financing	Chapter 917 Title 5 Ch.383 SubCh. 3 Art. 1-	\$12,359,040	\$12,657,535	\$10,400,000	\$10,650,000
Loring Job Increment Financing	C	\$1,130,437	\$3,182	\$480,000	\$480,000

A represents an estimated spread of \$0 - \$10,000

B represents an estimated spread of \$0 - \$49,999

C represents an estimated spread of \$20,000 - \$100,000

D represents an estimated spread of \$0 - \$760,000

E represents an estimated spread of \$500,000 - \$2,000,000

F represents an estimated spread of \$1,500,00 - \$2,500,000

\* represents a potential liability

\*\*The General Fund revenue loss from the EITC is net of reimbursements from TANF funds for the EITC. The gross revenue reduction from the EITC is approximately \$9.6 million in FY 2020 and \$24.6 million in FY 21.

General Fund Income Tax Expenditures	36 MRSA § Title 5 §13083-S-	FY'20	FY'21	FY'22	FY'23
Brunswick Naval Air Station Job Increment Financing	1	\$380,454	\$428,230	\$430,000	\$430,000
Shipbuilding Facility Credit	5219-RR	\$0	\$2,887,500	\$2,850,000	\$2,850,000
Credit for major food processing and manufacturing facility expansion	5219-VV	\$0	\$0	\$0	\$1,111,500
Credit for affordable housing	5219-WW	\$0	\$0	\$8,645,000	\$9,500,000
Renewable chemicals tax credit	5219-XX	\$0	\$0	\$47,500	\$95,000

CONFORMITY WITH INTERNAL REVENUE CODE DEFINITION OF FEDERAL ADJUSTED GROSS INCOME: ABOVE THE LINE DEDUCTIONS

Health Savings Accounts	5102(1-D)	\$2,300,000	\$2,350,000	\$2,350,000	\$2,450,000
Deduction for Interest of Student Loans	5102(1-D)	\$4,800,000	\$4,950,000	\$4,900,000	\$5,150,000
Moving Expenses Deduction	5102(1-D)	\$10,000	\$10,000	\$10,000	\$10,000
Pension Contributions – Individual Retirement Plans	5102(1-D)	\$5,350,000	\$5,500,000	\$5,500,000	\$5,750,000
Pension Contributions – Partners & Sole Proprietors –Self-employed					
SEP, SIMPLE, and KEOGH Plans	5102(1-D)	\$6,250,000	\$6,450,000	\$6,450,000	\$6,700,000
Self-Employed Medical Insurance Premiums	5102(1-D)	\$10,100,000	\$10,300,000	\$10,350,000	\$10,900,000

CONFORMITY WITH INTERNAL REVENUE CODE DEFINITION OF FEDERAL ADJUSTED GROSS INCOME: OTHER

Certain Interest Income Excluded from Federal Adjusted Gross Income	5102(1-D)	\$10,100,000	\$9,750,000	\$9,350,000	\$9,200,000
Section 179 Expensing	5102(1-D)	\$3,100,000	\$2,800,000	\$2,450,000	\$3,650,000
Deduction for dividends received by domestic corporations from certain foreign corporations	5102(1-D)	E	E	E	E
Deduction for foreign-derived intangible income	5102(1-D)	\$7,950,000	\$8,760,000	\$9,550,000	\$10,500,000
Opportunity Zones	5102(1-D)	F	F	F	F
Pension Contributions & Earnings – Employer-Provided Pension Contributions and Earnings	5102(1-D)	\$270,100,000	\$303,800,000	\$341,700,000	\$387,100,000
Employer-Paid Medical Insurance and Expenses	5102(1-D)	\$179,000,000	\$187,700,000	\$196,500,000	\$205,500,000
Exclusion of Capital Gains at Death	5102(1-D)	\$25,300,000	\$25,300,000	\$25,600,000	\$26,600,000
Exclusion of Capital Gains on Sales of Principal Residences	5102(1-D)	\$21,000,000	\$22,700,000	\$24,000,000	\$25,500,000
Social Security and Railroad Retirement Benefits Untaxed at the Federal Level	5102(1-D)	\$57,800,000	\$59,300,000	\$62,400,000	\$66,700,000
Federal Conformity Other:					
National Defense and International Affairs	5102(1-D)		\$7 - \$12 million per year		
Energy	5102(1-D)		\$1 - \$3 million per year		
Natural Resources, Environment, Agriculture	5102(1-D)		\$500k - \$3 million per year		
Commerce	5102(1-D)		\$30 - \$70 million per year		
Education and Training	5102(1-D)		\$8 - \$12 million per year		
Employment	5102(1-D)		\$18 - \$28 million per year		
Health and Income Security	5102(1-D)		\$60 - \$80 million per year		
Miscellaneous	5102(1-D)		\$30 - \$50 million per year		

A represents an estimated spread of \$0 - \$10,000

B represents an estimated spread of \$0 - \$49,999

C represents an estimated spread of \$20,000 - \$100,000

D represents an estimated spread of \$0 - \$760,000

E represents an estimated spread of \$500,000 - \$2,000,000

F represents an estimated spread of \$1,500,00 - \$2,500,000



## General Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes

General Fund Sales & Use Tax Expenditures	36 MRSA §	FY'20	FY'21	FY'22	FY'23
Exempt from Sales Tax the Fee Associated with the Paint	1752.14	\$71,000	\$73,000	\$74,000	\$76,000
Sales to the State & Political Subdivisions	1760.2	\$204,660,000	\$210,190,000	\$214,720,000	\$222,230,000
Grocery Staples	1760.3	\$187,140,000	\$191,270,000	\$194,450,000	\$200,280,000
Ships Stores	1760.4	C	C	C	C
Prescription Drugs	1760.5	\$104,760,000	\$107,900,000	\$110,550,000	\$114,750,000
Prosthetic or Orthotic Device	1760.5A	\$4,982,000	\$5,067,000	\$5,126,000	\$5,254,000
Meals Served by Public or Private Schools	1760.6A	\$7,178,000	\$7,265,000	\$7,314,000	\$7,460,000
Meals Served to Patients in Hospitals & Nursing Homes	1760.6B	\$10,150,000	\$10,370,000	\$10,540,000	\$10,860,000
Providing Meals for the Elderly	1760.6C	C	C	C	C
Providing Meals to Residents of Certain Nonprofit Congregate Housing Facilities	1760.6D	A	A	A	A
Certain Meals Served by Colleges to Employees of the College	1760.6E	A	A	A	A
Meals Served by Youth Camps that are Licensed by DHHS	1760.6F	C	C	C	C
Meals Served by a Retirement Facility to its Residents	1760.6G	C	C	C	C
Products Used in Agricultural and Aquacultural Production & Bait	1760.7A-C	\$9,130,000	\$9,150,000	\$9,120,000	\$9,210,000
Certain Jet Fuel	1760.8B	\$3,610,000	\$3,350,000	\$3,640,000	\$3,680,000
Coal, Oil & Wood for Cooking & Heating Homes	1760.9	\$40,070,000	\$40,560,000	\$40,830,000	\$41,650,000
Fuel Oil for Burning Blueberry Land	1760.9A	A	A	A	A
First 750 KW Hours of Residential Electricity Per Month	1760.9B	\$27,160,000	\$27,490,000	\$27,670,000	\$28,230,000
Gas When Used for Cooking & Heating in Residences	1760.9C	\$11,550,000	\$11,690,000	\$11,770,000	\$12,000,000
Fuel and Electricity Used in Manufacturing	1760.9D	\$15,104,000	\$16,360,000	\$17,100,000	\$18,050,000
Fuel Oil or Coal which become an Ingredient or Component Part	1760.9G	A	A	A	A
Certain Returnable Containers	1760.12	D	D	D	D
Packaging Materials	1760.12A	\$29,860,000	\$30,230,000	\$30,430,000	\$31,010,000
Free Publications and Components of Publications	1760.14-A	D	D	D	D
Sales to Hospitals, Research Centers, Churches and Schools	1760.16	F	F	F	F
Rental Charges for Living Quarters in Nursing Homes and Hospitals	1760.18	C	C	C	C
Sales to Certain Residential Child Care Facilities	1760.18A	B	B	B	B
Rental of Living Quarters at Schools	1760.19	\$8,070,000	\$8,000,000	\$7,900,000	\$7,900,000
Rental Charges on Continuous Residence for More Than 28 Days	1760.20	\$92,330,000	\$94,370,000	\$95,940,000	\$98,810,000
Automobiles Used in Driver Education Programs	1760.21	A	A	A	A
Certain Loaner Vehicles	1760.21A	C	C	C	C
Automobiles Sold to Amputee Veterans	1760.22	A	A	A	A
Certain Vehicles Purchased or Leased by Nonresidents	1760.23C	C	C	C	C
Certain Vehicles Purchased or Leased by Qualifying Resident Businesses	1760.23D	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Funeral Services	1760.24	\$7,370,000	\$7,460,000	\$7,510,000	\$7,660,000
Watercraft Purchased by Nonresidents	1760.25	C	C	C	C
Certain Sales of Snowmobiles and All terrain Vehicles to Nonresidents	1760.25C	A	A	A	A
Sales to Ambulance Services & Fire Departments	1760.26	C	C	C	C
Sales to Comm. Mental Health, Substance Abuse Facilities & to Facilities for the Developmentally Disabled	1760.28	B	B	B	B
Water Pollution Control Facilities	1760.29	C	C	C	C
Air Pollution Control Facilities	1760.30	C	C	C	C
Machinery & Equipment	1760.31	\$33,950,000	\$33,690,000	\$33,920,000	\$34,590,000
New Machinery for Experimental Research	1760.32	B	B	B	B
Diabetic Supplies	1760.33	D	D	D	D
Sales Through Coin Operated Vending Machines	1760.34	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Goods & Services for Seeing Eye Dogs	1760.35	A	A	A	A
Sales to Regional Planning Agencies	1760.37	A	A	A	A
Water Used in Private Residences	1760.39	\$12,980,000	\$13,200,000	\$13,350,000	\$13,690,000
Mobile & Modular Homes	1760.40	\$4,100,000	\$4,150,000	\$4,200,000	\$4,300,000
Property Used in Interstate Commerce	1760.41	D	D	D	D
Sales to Historical Societies & Museums	1760.42	B	B	B	B
Sales to Child Care Facilities	1760.43	B	B	B	B

A represents an estimated spread of \$0 - \$49,999

B represents an estimated spread of \$50,000 - \$249,999

C represents an estimated spread of \$250,000 - \$999,999

D represents an estimated spread of \$1,000,000 - \$2,999,999

E represents an estimated spread of \$3,000,000 - \$5,999,999

F represents an estimated spread of \$6,000,000 or more

General Fund Sales & Use Tax Expenditures	36 MRSA §	FY'20	FY'21	FY'22	FY'23
Sales to Emergency Shelters & Feeding Organizations	1760.47A	B	B	B	B
Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	1760.49	C	C	C	C
Sales to Church Affiliated Residential Homes	1760.44	A	A	A	A
Certain Property Purchased Out of State	1760.45	D	D	D	D
Sales to Organ. that Provide Residential Facilities for Med. Patients	1760.46	A	A	A	A
Sales to any Nonprofit Free Libraries	1760.50	B	B	B	B
Sales to Veterans Memorial Cemetery Associations	1760.51	A	A	A	A
Railroad Track Materials	1760.52	\$650,000	\$660,000	\$670,000	\$680,000
Sales to Nonprofit Rescue Operations	1760.53	A	A	A	A
Sales to Hospice Organizations	1760.55	A	A	A	A
Sales to Nonprofit Youth & Scouting Organizations	1760.56	C	C	C	C
Self Help Literature on Alcoholism	1760.57	A	A	A	A
Portable Classrooms	1760.58	A	A	A	A
Sales to Certain Incorporated, Nonprofit Educational Orgs.	1760.59	A	A	A	A
Sales to Incorporated Nonprofit Animal Shelters	1760.60	A	A	A	A
Construction Contracts with Exempt Organizations	1760.61	D	D	D	D
Sales to Certain Charitable Suppliers of Medical Equipment	1760.62	A	A	A	A
Sales to Orgs that Fulfill the Wishes of Children with Life-threatening Diseases	1760.63	A	A	A	A
Sales by Schools & School Sponsored Organizations	1760.64	C	C	C	C
Sales to Monasteries and Convents	1760.65	A	A	A	A
Sales to Providers of Certain Support Systems for Single Parent Families	1760.66	A	A	A	A
Sales to Nonprofit Home Construction Organizations	1760.67	B	B	B	B
Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	1760.69	A	A	A	A
Sales to Orgs that Provide Certain Services for Hearing-impaired Persons	1760.70	A	A	A	A
Sales to State Chartered Credit Unions	1760.71	A	A	A	A
Sales to Nonprofit Housing Development Organizations	1760.72	B	B	B	B
Seedlings for Commercial Forestry Use	1760.73	B	B	B	B
Property Used in Manufacturing Production	1760.74	\$201,800,000	\$200,200,000	\$201,600,000	\$205,600,000
Meals & Lodging Provided to Employees	1760.75	B	B	B	B
Certain Aircraft Parts	1760.76	A	A	A	A
Sales to Eye Banks	1760.77	A	A	A	A
Sales of Certain Farm Animal Bedding & Hay	1760.78	A	A	A	A
Electricity Used for Net Billing	1760.80	\$850,000	\$2,800,000	\$6,200,000	\$7,300,000
Animal Waste Storage Facility	1760.81	A	A	A	A
Sales of Property Delivered Outside this State	1760.82	F	F	F	F
Sales of Certain Printed Materials	1760.83	C	C	C	C
Sales to Centers for Innovation	1760.84	A	A	A	A
Certain Sales by an Auxiliary Organization of the American Legion	1760.85	B	B	B	B
Pine Tree Development Zone Businesses; Reimbursement of Certain Taxes	2016	\$285,650	\$220,000	\$220,000	\$230,000
Sales of Tangible Personal Property to Qualified Development Zone Businesses	1760.87	D	D	D	D
Sales of Certain Aircraft	1760.88	B	B	B	B
Sale, Use or Lease of Aircraft and Sales of Repair and Replacement Parts	1760.88-A	C	C	C	C
Sales of Certain Qualified Snowmobile Trail Grooming Equipment	1760.90	\$8,000	\$11,500	\$12,500	\$13,500
Certain Sales of Electrical Energy	1760.91	C	C	C	C
Certain Vehicle Rentals	1760.92	A	A	A	A
Plastic Bags Sold to Redemption Centers	1760.93	\$41,000	\$42,000	\$42,000	\$43,000
Positive Airway Pressure Equipment and Supplies	1760.94	C	C	C	C
Sales of Certain Adaptive Equipment	1760.95	\$82,000	\$82,000	\$83,000	\$86,000
Sales to Certain Veterans Support Organizations	1760.98	\$20,000	\$21,000	\$22,000	\$22,000
Sales to Nonprofit Library Collaboratives	1760.99	A	A	A	A

A represents an estimated spread of \$0 - \$49,999  
 B represents an estimated spread of \$50,000 - \$249,999  
 C represents an estimated spread of \$250,000 - \$999,999  
 D represents an estimated spread of \$1,000,000 - \$2,999,999  
 E represents an estimated spread of \$3,000,000 - \$5,999,999  
 F represents an estimated spread of \$6,000,000 or more

General Fund Sales & Use Tax Expenditures	36 MRSA §	FY'20	FY'21	FY'22	FY'23
Sales to Certain Veterans Service Organizations	1760.100	\$99,000	\$101,000	\$103,000	\$106,000
An Act To Provide a Sales Tax Exemption for Nonprofit Heating Assistance Organizations	1760.102	\$500	\$500	\$500	\$500
An Act To Exempt from Taxation Sales to Certain Nonprofit Organizations Supporting Veterans	1760.103	\$2,500	\$2,600	\$2,700	\$2,800
Sales to Nonprofit Youth Camps	1760.103	\$0	\$74,100	\$76,000	\$77,900
Sales to Pet Food Pantries	1760.103	\$0	\$5,300	\$5,400	\$5,550
Sales to Certain Nonprofit Charitable Organizations	1760.103	\$0	\$202,100	\$205,500	\$211,600
Trade In Credits	1765	\$21,970,000	\$24,580,000	\$23,630,000	\$24,440,000
Returned Merchandise Donated to Charity	1863	B	B	B	B
Merchandise Donated from a Retailers Inventory to Exempt Organizations	1864	B	B	B	B
Refund of Sales Tax on Goods Removed from the State	2012	A	A	A	A
Refund of Sales Tax on Certain Depreciable Machinery and Equipment	2013	\$14,170,000	\$14,090,000	\$15,010,000	\$15,900,000
Fish Passage Facilities	2014	A	A	A	A
Refund of Sales Tax on Purchases of Parts and Supplies for Windjammers	2020	B	B	B	B
Consumer Purchases of Medical Services	1752.11	\$558,900,000	\$578,500,000	\$595,800,000	\$611,300,000
Consumer Purchases of Transportation Services	1752.11	\$34,700,000	\$36,900,000	\$37,800,000	\$39,300,000
Consumer Purchases of Amusement and Recreational Services	1752.11	\$64,800,000	\$67,100,000	\$68,200,000	\$69,300,000
Consumer Purchases of Financial Services	1752.11	\$195,400,000	\$201,600,000	\$205,800,000	\$208,000,000
Consumer Purchases of Information Services Except Telecommunications	1752.11	\$21,000,000	\$21,000,000	\$21,600,000	\$22,100,000
Consumer Purchases of Education Services	1752.11	\$73,000,000	\$73,100,000	\$75,200,000	\$77,100,000
Consumer Purchases of Personal, Household and Business Services	1752.11	\$77,000,000	\$77,200,000	\$79,400,000	\$81,400,000
Consumer Purchases of Social Services	1752.11	\$52,900,000	\$53,000,000	\$54,500,000	\$55,900,000
Business Purchases of Transportation Services	1752.11	\$66,700,000	\$66,100,000	\$68,300,000	\$68,800,000
Business Purchases of Information Services Except Telecommunications	1752.11	\$36,900,000	\$36,200,000	\$37,300,000	\$38,700,000
Business Purchases of Financial Services	1752.11	\$273,100,000	\$269,600,000	\$274,700,000	\$283,700,000
Business Purchases of Legal, Business, Administrative and Support Services	1752.11	\$496,700,000	\$488,700,000	\$504,500,000	\$520,900,000
Business Purchases of Educational Services	1752.11	\$7,600,000	\$7,600,000	\$7,800,000	\$7,900,000
Business Purchases of Medical Services	1752.11	\$13,600,000	\$13,600,000	\$14,000,000	\$14,500,000
Business Purchases of Social Services	1752.11	\$270,000	\$270,000	\$270,000	\$280,000
Business Purchases of Amusement and Recreational Services	1752.11	\$11,900,000	\$11,600,000	\$12,200,000	\$12,700,000
Business Purchases of Repair, Maintenance and Personal Services, Excluding Construction Services	1752.11	\$30,400,000	\$30,900,000	\$31,900,000	\$33,600,000
Business Purchases of Construction Services for Maintenance and Repair	1752.11	\$44,100,000	\$43,600,000	\$44,100,000	\$45,500,000
Casual Sales	1752.11	D	D	D	D

A represents an estimated spread of \$0 - \$49,999  
B represents an estimated spread of \$50,000 - \$249,999  
C represents an estimated spread of \$250,000 - \$999,999  
D represents an estimated spread of \$1,000,000 - \$2,999,999  
E represents an estimated spread of \$3,000,000 - \$5,999,999  
F represents an estimated spread of \$6,000,000 or more

	36 MRSA §	FY'20	FY'21	FY'22	FY'23
<b>General Fund Service Provider Tax Expenditures</b>					
Sales to the State & Political Subdivisions	2557.2	D	D	D	D
Sales to Hospitals, Research Centers, Churches and Schools	2557.3	C	C	C	C
Sales to Certain Nonprofit Residential Child Care Institutions	2557.4	A	A	A	A
Sales to Ambulance Services & Fire Departments	2557.5	A	A	A	A
Sales to Comm. Mental Health, Substance Abuse & Mental Retardation Facilities	1760.28	B	B	B	B
Sales to Regional Planning Agencies	2557.6	A	A	A	A
Sales to Historical Societies & Museums	2557.7	A	A	A	A
Sales to Day Care Centers & Nursery Schools	2557.8	A	A	A	A
Sales to Church Affiliated Residential Homes	2557.9	A	A	A	A
Sales to Organ. that Provide Residential Facilities for Med. Patients	2557.1	A	A	A	A
Sales to Emergency Shelters & Feeding Organizations	2557.11	A	A	A	A
Sales to Comm. Action Agencies; Child Abuse Councils; Child Advocacy Orgs.	2557.12	A	A	A	A
Sales to any Nonprofit Free Libraries	2557.13	B	B	B	B
Sales to Veterans Memorial Cemetery Associations	2557.14	A	A	A	A
Sales to Nonprofit Rescue Operations	2557.15	A	A	A	A
Sales to Hospice Organizations	2557.16	A	A	A	A
Sales to Nonprofit Youth & Scouting Organizations	2557.17	A	A	A	A
Sales to Certain Incorporated. Nonprofit Educational Orgs.	2557.18	B	B	B	B
Sales to Certain Charitable Suppliers of Medical Equipment	2557.19	A	A	A	A
Life-Threatening Diseases	2557.2	A	A	A	A
Sales to Providers of Certain Support Systems for Single-Parent Families	2557.21	A	A	A	A
Sales to Nonprofit Home Construction Organizations	2557.22	A	A	A	A
Sales to Orgs that Create & Maintain a Registry of Vietnam Veterans	2557.23	A	A	A	A
Sales to Orgs that Provide Certain Services for Hearing-Impaired Persons	2557.24	A	A	A	A
Sales to State-Chartered Credit Unions	2557.25	A	A	A	A
Sales to Nonprofit Housing Development Organizations	2557.26	A	A	A	A
Sales to Eye Banks	2557.27	A	A	A	A
Sales to Centers for Innovation	2557.28	A	A	A	A
Construction contracts with exempt organizations	2557.29	A	A	A	A
Certain Telecommunications Services	2557.31	C	C	C	C
Certain Veterans' Support Organizations	2557.33,34	D	D	D	D
Nonprofit Library Collaboratives	2557.37	A	A	A	A
	2557.38	A	A	A	A
<b>General Fund Cigarette Tax Expenditure</b>					
Cigarette Stamp Tax Deduction for Licensed Distributors	4366A.2	\$1,403,166	\$1,375,130	\$1,347,621	\$1,320,665
<b>Highway Fund Sales &amp; Use Tax Expenditures</b>					
Motor Vehicle Fuel.	1760.8-A	\$112,500,000	\$89,500,000	\$105,500,000	\$117,200,000

A represents an estimated spread of \$0 - \$49,999  
B represents an estimated spread of \$50,000 - \$249,999  
C represents an estimated spread of \$250,000 - \$999,999  
D represents an estimated spread of \$1,000,000 - \$2,999,999  
E represents an estimated spread of \$3,000,000 - \$5,999,999  
F represents an estimated spread of \$6,000,000 or more

## Other Fund Tax Expenditures – Sales, Motor Fuel and Service Provider Taxes

	36 M RSA §	FY'20	FY'21	FY'22	FY'23
<b>Real Estate Transfer Tax Expenditures</b>					
Exemptions of the Real Estate Transfer Tax, General Fund	4641C	\$8,429,807	\$9,930,000	\$10,230,000	\$10,610,000
Exemptions of the Real Estate Transfer Tax, HOME Fund	4641C	\$8,422,283	\$9,930,000	\$10,230,000	\$10,610,000
<b>Multimodal Transportation Fund Aeronautical Fuel Tax Expenditures</b>					
Excise Tax Exemption on Jet or Turbo Jet Fuel International Flights					
	2903	\$132,204	\$100,000	\$139,000	\$142,000
Refund of Excise Tax on Fuel Used in Piston Aircraft					
	2910	\$20,000	\$20,000	\$20,000	\$20,000
<b>Highway Fund Gasoline and Special Fuel Tax Expenditures</b>					
State and Local Government Exemption from the Gasoline Tax.					
	2903	\$838,000	\$838,000	\$838,000	\$838,000
Gasoline Exported from the State.					
	2903	\$43,443,000	\$42,470,000	\$45,627,000	\$46,659,000
Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Companies					
	2908 and 2909	\$227,000	\$227,000	\$227,000	\$227,000
Refund of the Gasoline Tax to Government Agencies and Political Subdivisions					
	2910-B	\$1,205,000	\$1,205,000	\$1,205,000	\$1,205,000
State & Local Government Exemption from the Special Fuel Tax					
	3204-A	\$2,012,000	\$2,012,000	\$2,012,000	\$2,012,000
Special Fuel Exported from the State.					
	3204-A	\$8,594,000	\$8,503,000	\$8,678,000	\$8,808,000
Refund of Special Fuel Tax for Off-Highway Use and for Certain Bus Companies					
	3215 and 3218	\$2,309,000	\$2,309,000	\$2,309,000	\$2,309,000
Refund of the Special Fuels Tax to Government Agencies and Political Subdivisions					
	3208-A	\$500,000	\$500,000	\$500,000	\$500,000

**CHAPTER 37****LEGISLATIVE OVERSIGHT OF GOVERNMENT AGENCIES AND PROGRAMS****§991. Evaluation and Government Accountability**

The Office of Program Evaluation and Government Accountability is created for the purpose of providing program evaluation of agencies and programs of State Government and, when determined necessary by the committee, local and county governments, quasi-municipal governments, special districts, utility districts, regional development agencies or any municipal or nonprofit corporation. The office also is established to ensure that public funds provided to local and county governments, quasi-municipal governments, special districts, utility districts, regional development agencies or any municipal or nonprofit corporation are expended for the purposes for which they were allocated, appropriated or contracted. When authorized by the committee, the office also may examine or direct an examination of any state contractor financed in whole or part by public funds and any expenditure by any public official or public employee during the course of public duty, including, but not limited to, any expenditure of private money for the purposes of the agency or other entity. [PL 2003, c. 673, Pt. GGGG, §1 (AMD).]

**SECTION HISTORY**

PL 2001, c. 702, §2 (NEW). PL 2003, c. 451, §KKK1 (AMD). PL 2003, c. 673, §GGGG1 (AMD).

**§992. Definitions**

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings. [PL 2001, c. 702, §2 (NEW).]

**1. Committee.** "Committee" means a joint legislative committee established to oversee program evaluation and government accountability matters.  
[PL 2001, c. 702, §2 (NEW).]

**2. Director.** "Director" means the Director of the Office of Program Evaluation and Government Accountability.  
[PL 2001, c. 702, §2 (NEW).]

**3. Office.** "Office" means the Office of Program Evaluation and Government Accountability established in section 991.  
[PL 2001, c. 702, §2 (NEW).]

**4. Other entity.** "Other entity" means any public or private entity in this State that may be subject to program evaluation under this chapter as the result of its receipt or expenditure of public funds. "Other entity" may include local and county governments, quasi-municipal governments, special districts, utility districts, regional development agencies or any municipal or nonprofit corporation.  
[PL 2003, c. 673, Pt. GGGG, §2 (AMD).]

**4-A. Policy committee.** "Policy committee" means the joint standing committee of the Legislature having jurisdiction over taxation matters.  
[PL 2015, c. 344, §1 (NEW).]

**5. Program evaluation.** "Program evaluation" means an examination of any government program that includes performance audits, management analysis, inspections, operations, research or examinations of efficiency, effectiveness or economy or the evaluation of any tax expenditure required under this chapter.  
[PL 2015, c. 344, §2 (AMD).]

**5-A. Qualified auditor.** "Qualified auditor" means an auditor who meets the education and experience requirements of the Office of State Auditor as defined in Title 5, section 241.  
[PL 2003, c. 463, §2 (NEW).]

**6. State agency.** "State agency" means each state board, commission, department, program, office or institution, educational or otherwise, of this State.  
[PL 2001, c. 702, §2 (NEW).]

**6-A. Statistic.** "Statistic" means a numerical value computed from a set of data. "Statistic" includes, but is not limited to, a sum, mean, median, maximum, minimum, range and variance.  
[PL 2015, c. 344, §3 (NEW).]

**6-B. Tax expenditure.** "Tax expenditure" has the same meaning as under Title 5, section 1666.  
[PL 2015, c. 344, §3 (NEW).]

**7. Working paper.** "Working paper" means all documentary and other information acquired, prepared or maintained by the office during the conduct of a program evaluation, including all intra-agency and interagency communications relating to a program evaluation and includes electronic messages and draft reports or any portion of a draft report.  
[PL 2001, c. 702, §2 (NEW).]

#### SECTION HISTORY

PL 2001, c. 702, §2 (NEW). PL 2003, c. 463, §§1,2 (AMD). PL 2003, c. 673, §§GGGG2,3 (AMD). PL 2015, c. 344, §§1-3 (AMD).

#### §993. Committee membership; chairs

The membership of the committee and the selection of chairs are established by joint rule of the Legislature. [PL 2001, c. 702, §2 (NEW).]

#### SECTION HISTORY

PL 2001, c. 702, §2 (NEW).

#### §994. Duties of committee

The committee has the following duties: [PL 2001, c. 702, §2 (NEW).]

**1. Director.** To evaluate the director of the office and make a recommendation to the Legislative Council in writing regarding the reappointment of the director of the office before the Legislative Council considers the reappointment of the director of the office;  
[PL 2001, c. 702, §2 (NEW).]

**2. Annual work plan.** To review and approve the annual work plan of the office;  
[PL 2001, c. 702, §2 (NEW).]

**3. Direct evaluations.** To direct the office to conduct program evaluations;  
[PL 2001, c. 702, §2 (NEW).]

**3-A. Auditing services.** When the committee determines that an examination as part of a program evaluation requires the services of a qualified auditor, to request the Office of the State Auditor to conduct all or part of an examination or, if the Office of the State Auditor is unable to perform the examination within the time frame established by the committee, to direct the office to obtain the services of a qualified auditor;  
[PL 2003, c. 673, Pt. GGGG, §4 (NEW); PL 2013, c. 16, §10 (REV).]

**4. Conduct hearings.** To hold public hearings for the purpose of receiving reports from the office and questioning public officials about office findings and recommendations;  
[PL 2001, c. 702, §2 (NEW).]

**5. Examine witnesses.** To examine witnesses and to order the appearance of any person or the appearance of any person for the purpose of production to the committee of papers or records, including books, accounts, documents, computer disks or memory or other electronic media and other materials regardless of their physical or electronic form;  
[PL 2001, c. 702, §2 (NEW).]

**6. Administer oaths.** To administer oaths to witnesses appearing before the committee when, by a majority vote, the committee determines the administration of an oath necessary and advisable, to determine if there is probable cause that a witness has committed perjury by testifying falsely before the committee and to direct the Attorney General to institute legal proceedings as provided by law;  
[PL 2001, c. 702, §2 (NEW).]

**7. Vote on reports.** To vote at the committee's discretion to endorse, to endorse in part or to release a report of the office without endorsement;  
[PL 2001, c. 702, §2 (NEW).]

**8. Subpoenas.** To issue subpoenas upon a majority vote of the committee in the event of refusal to appear or to produce papers or records, including books, accounts, documents, computer disks or memory or other electronic media and other materials regardless of their physical or electronic form. A subpoena issued under this subsection must be issued pursuant to the provisions of section 165 and chapter 21;  
[PL 2003, c. 451, Pt. KKK, §2 (AMD).]

**9. Meetings.** To conduct meetings at such times as the cochairs determine necessary;  
[PL 2003, c. 673, Pt. GGGG, §5 (AMD).]

**10. Adopt rules.** To adopt rules, as long as the rules are not in conflict with the Joint Rules of the Legislature. By January 1, 2005, the committee must develop a mission statement to be included in the rules;  
[PL 2005, c. 104, §1 (AMD).]

**11. Information available to committee.** To receive certain information. Information that is made available to the committee is governed by chapter 21, which governs legislative investigating committees, and by Title 1, chapter 13, which governs public records and proceedings; and  
[PL 2005, c. 104, §2 (AMD).]

**12. Immediate review system.** To establish a system to provide immediate review of a program or function of a state agency or other entity in the event that there is a suspicion of a major mismanagement of public funds or functions. If the director determines to proceed under the immediate review system and the committee approves proceeding under that system, qualified auditors and investigators may be retained by the director for that purpose. The director shall coordinate efforts with the Attorney General, State Auditor, State Controller and others considered appropriate by the director.  
[PL 2005, c. 104, §3 (NEW).]

#### SECTION HISTORY

PL 2001, c. 702, §2 (NEW). PL 2003, c. 451, §KKK2 (AMD). PL 2003, c. 463, §3 (AMD). PL 2003, c. 673, §§GGGG4-7 (AMD). PL 2005, c. 104, §§1-3 (AMD). PL 2013, c. 16, §10 (REV).

#### §995. Director

**1. Appointment.** Not earlier than April 1, 2003, the Legislative Council shall appoint by an affirmative vote of 8 members of the Legislative Council a nonpartisan director of the office for the purposes of conducting program evaluations pursuant to this chapter. The director must be appointed to an initial 5-year term, which is subject to renewal by the Legislative Council every 5 years thereafter. During the term of the contract, the director may be terminated only for cause by an affirmative vote of 8 members of the Legislative Council. The Legislative Council shall establish the compensation of



the director. The director's duties must be performed independently and in a nonpartisan manner but under the general policy direction of the committee.

[PL 2003, c. 673, Pt. GGGG, §8 (AMD).]

**2. Duties.** The director shall supervise the staff of the office in accordance with policies adopted by the committee and consistent with the policies of the Legislative Council. The director shall prepare and present a biennial budget to the committee for its approval. Money appropriated or allocated to the office must be expended in the discretion of the director and the committee only. The director also shall prepare and present an annual work plan to the committee for its consideration and approval. The director also may contract with private individuals or entities for the conduct of program evaluations under this chapter. The director may request the committee to issue subpoenas.

[PL 2001, c. 702, §2 (NEW).]

**3. Employees.** Employees must be nonpartisan. Employees of the office are employed by and are responsible to the director, who shall hire and fix the compensation of each employee, subject to the approval of the committee and within resources available in the biennial budget. Other than the director appointed pursuant to subsection 1, an employee of the office may not be employed prior to July 1, 2003.

[PL 2003, c. 673, Pt. GGGG, §8 (AMD).]

**4. Annual report.** The director shall prepare an annual report of the office's activities for each calendar year and shall submit that annual report to the committee and the Legislature no later than January 15th of each calendar year.

[PL 2003, c. 463, §4 (AMD).]

**5. Coordination with State Auditor; complaints alleging fraud, waste, inefficiency or abuse.** The director may access confidential information disclosed by the State Auditor under Title 5, section 244-D, subsection 3 in order to ensure appropriate agency referral or coordination between agencies to respond appropriately to all complaints made under Title 5, section 244-D.

[PL 2005, c. 682, §1 (NEW).]

#### SECTION HISTORY

PL 2001, c. 702, §2 (NEW). PL 2003, c. 463, §4 (AMD). PL 2003, c. 673, §GGGG8 (AMD). PL 2005, c. 682, §1 (AMD).

#### §996. Assistance to committee

The Department of the Attorney General, the State Auditor, the State Controller, the Commissioner of Administrative and Financial Services, the Director of the Office of Fiscal and Program Review and the Director of the Office of Policy and Legal Analysis shall assist the committee and office with program evaluations under this chapter if the committee and the director determine that such assistance is necessary. [PL 2001, c. 702, §2 (NEW).]

The Commissioner of Administrative and Financial Services shall provide office space to house the office within the Burton M. Cross Building. This office space must be provided at no charge. [PL 2003, c. 451, Pt. KKK, §3 (NEW).]

#### SECTION HISTORY

PL 2001, c. 702, §2 (NEW). PL 2003, c. 451, §KKK3 (AMD).

#### §997. Conduct and issuance of program evaluation reports

The director and the office shall adhere to the following provisions relative to conducting and issuing program evaluation reports under this chapter. [PL 2001, c. 702, §2 (NEW).]

**1. Review and response.** Prior to the presentation of a program evaluation under this chapter to the committee by the office, the director of the evaluated state agency or other entity must have an

opportunity to review a draft of the program evaluation report. Within 15 calendar days of receipt of the draft report, the director of the evaluated state agency or other entity may provide to the office comments on the draft report. If provided to the office by the comment deadline, the comments must be included in the final report when it is presented to the committee. Failure by the director of an evaluated agency or other entity to submit its comments on the draft report by the comment deadline may not delay the submission of a report to the committee or its release to the public.

All documents, writings, drafts, electronic communications and information transmitted pursuant to this subsection are confidential and may not be released to the public. A person violating the provisions of this subsection regarding confidentiality is guilty of a Class E crime.

[PL 2019, c. 667, Pt. A, §4 (AMD).]

**2. Submission of final report to committee.** The director shall notify the committee when each final program evaluation report under this chapter is completed. The report must then be placed on the agenda for a future committee meeting. At the meeting where a report appears on the agenda for the first time, the director will release that report to the committee and to the public simultaneously. The committee, at its discretion, may vote to endorse, to endorse in part or to decline to endorse the report submitted by the director. If the committee determines it is necessary, the committee may report out to the Legislature legislation to implement the findings and recommendations of any program evaluation report presented to it by the office.

[PL 2001, c. 702, §2 (NEW).]

**3. Confidentiality.** Working papers in the possession of the director or an entity with which the director has contracted for the conduct of program evaluations pursuant to section 995, subsection 2 are confidential and exempt from disclosure pursuant to Title 1, chapter 13, including disclosure to the Legislative Council or an agent or representative of the Legislative Council. All other records or materials in the possession of the director or an entity with which the director has contracted for the conduct of program evaluations pursuant to section 995, subsection 2 that would otherwise be confidential or exempt from disclosure are exempt from disclosure pursuant to the provisions of Title 1, chapter 13. This subsection may not be construed to prohibit or prevent public access to the records of a state agency or other entity in the possession of the director that would otherwise be subject to disclosure pursuant to the provisions of Title 1, chapter 13. The director shall refer requests for access to those records directly to the state agency or other entity that is the official custodian of the requested records, which shall respond to the request for public records.

[PL 2019, c. 667, Pt. A, §5 (AMD).]

**4. Information available to office.** Upon request of the office and consistent with the conditions and procedures set forth in this section, state agencies or other entities subject to program evaluation must provide the office access to information that is privileged or confidential as defined by Title 1, chapter 13, which governs public records and proceedings.

A. Before beginning a program evaluation under this chapter that may require access to records containing confidential or privileged information, the office shall furnish a written statement of its determination that it is necessary for the office to access such records and consult with representatives of the state agency or other entity to discuss methods of identifying and protecting privileged or confidential information in those records. During that consultation, the state agency or other entity shall inform the office of all standards and procedures set forth in its policies or agreements to protect information considered to be confidential or privileged. The office shall limit its access to information that is privileged or confidential by appropriate methods, which may include examining records without copying or removing them from the source. [PL 2003, c. 673, Pt. GGGG, §9 (AMD).]

B. Documentary or other information obtained by the office during the course of a program evaluation under this chapter is privileged or confidential to the same extent under law that that

information would be privileged or confidential in the possession of the state agency or other entity providing the information. Any privilege or statutory provision, including penalties, concerning the confidentiality or obligation not to disclose information in the possession of a state agency or other entity or its officers or employees applies equally to the office. Privileged or confidential information obtained by the office during the course of a program evaluation may be disclosed only as provided by law and with the agreement of the state agency or other entity subject to the program evaluation that provided the information. [PL 2001, c. 702, §2 (NEW).]

C. If the office accesses information classified as privileged or confidential pursuant to state agency or other entity policy or procedures or by agreement, the office shall comply with the state agency's or other entity's standards or procedures for handling that information. The office may include in its working papers the excerpts from information classified as confidential or privileged as may be necessary to complete the program evaluation under this chapter, as long as the use does not infringe on department policies or procedures applicable to the original provision of information. [PL 2001, c. 702, §2 (NEW).]

[PL 2003, c. 673, Pt. GGGG, §9 (AMD).]

**5. Disclosure to agency or entity subject to program evaluation.** Except as provided in this subsection, working papers are confidential pursuant to subsection 3 and may not be disclosed to any person. Prior to the release of the final program evaluation report, the director has sole discretion to disclose working papers to the state agency or other entity subject to the program evaluation when disclosure will not prejudice the program evaluation. After release of the final program evaluation report, working papers may be released as necessary to the state agency or other entity that was subject to the program evaluation under this chapter.

[PL 2019, c. 667, Pt. A, §6 (AMD).]

**6. Confidential sources.** If data supplied by an individual are needed to initiate, continue or complete a program evaluation under this chapter, the director may, by written memorandum to the file, provide that the individual's identity will remain confidential and exempt from disclosure under Title 1, chapter 13, and this written memorandum protects the identity of the person from disclosure under Title 1, chapter 13, notwithstanding any other provision of law to the contrary.

[PL 2001, c. 702, §2 (NEW).]

**7. Disposition of final report.** A final copy of a program evaluation report under subsection 2, including recommendations and the evaluated state agency's or other entity's comments, must be submitted to the commissioner or director of the state agency or other entity examined at least one day prior to the report's public release, and must be made available to each member of the Legislature no later than one day following the report's receipt by the committee. The office may satisfy the requirement to provide each Legislator a copy of the report by furnishing the report directly by electronic means or by providing notice to each Legislator of the availability of the report on the office's publicly accessible site on the Internet.

[PL 2001, c. 702, §2 (NEW).]

## SECTION HISTORY

PL 2001, c. 702, §2 (NEW). PL 2003, c. 451, §KKK4 (AMD). PL 2003, c. 673, §GGGG9 (AMD). PL 2019, c. 667, Pt. A, §§4-6 (AMD).

### §998. Process for review of tax expenditures

**1. Assignment of review categories.** By October 1, 2015, the committee, in consultation with the policy committee, shall assign each tax expenditure to one of the following review categories:

A. Full evaluation for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries or for which measurable goals can be identified; [PL 2015, c. 344, §4 (NEW).]

B. Expedited review for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and [PL 2015, c. 344, §4 (NEW).]

C. No review for tax expenditures with an impact on state revenue of less than \$50,000 or that otherwise do not warrant either a full evaluation or expedited review. [PL 2015, c. 344, §4 (NEW).]

[PL 2015, c. 344, §4 (NEW).]

**2. Schedule.** The committee, in consultation with the policy committee, shall establish a prioritized schedule of ongoing review of the tax expenditures assigned to the full evaluation and expedited review categories pursuant to subsection 1, paragraphs A and B. To the extent practicable, the committee shall group the review of tax expenditures with similar goals together.

[PL 2017, c. 266, §1 (AMD).]

**3. Annual review of assignments and schedule.** By October 1st of each year, beginning in 2016, the committee, in consultation with the policy committee, shall review and make any necessary adjustments to the review category assignments and schedule pursuant to subsections 1 and 2, including adjustments needed to incorporate tax expenditures enacted, amended or repealed during the preceding year.

[PL 2015, c. 344, §4 (NEW).]

**4. Office responsibilities.** The office shall maintain a current record of the review category assignments and the schedule under this section.

[PL 2015, c. 344, §4 (NEW).]

## SECTION HISTORY

PL 2015, c. 344, §4 (NEW). PL 2017, c. 266, §1 (AMD).

### §999. Full evaluation of tax expenditures

**1. Evaluation process.** Beginning January 1, 2016, the office shall evaluate each tax expenditure identified under section 998, subsection 1, paragraph A in accordance with the schedule established in section 998, subsection 2.

A. Prior to the beginning of each evaluation, the committee, after consideration of recommendations from the office, shall approve the following for each tax expenditure subject to full evaluation:

- (1) The purposes, intent or goals of the tax expenditure, as informed by original legislative intent as well as subsequent legislative and policy developments and changes in the state economy and fiscal condition;
- (2) The intended beneficiaries of the tax expenditure;
- (3) The evaluation objectives, which may include an assessment of:
  - (a) The fiscal impact of the tax expenditure, including past and estimated future impacts;
  - (b) The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;
  - (c) The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;
  - (d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
  - (e) The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;

- (f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;
- (g) The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;
- (h) The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and
- (i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals; and

(4) The performance measures appropriate for analyzing the evaluation objectives. Performance measures must be clear and relevant to the specific tax expenditure and the approved evaluation objectives. [PL 2017, c. 266, §2 (AMD).]

B. Before final approval pursuant to paragraph A, the committee shall seek and consider input from the policy committee and stakeholders and may seek input from experts. [PL 2015, c. 344, §4 (NEW).]

[PL 2017, c. 266, §2 (AMD).]

**2. Action by office; report.** The office shall submit a report on the results of each evaluation to the committee and the policy committee. The office shall seek stakeholder input as part of the report. For each tax expenditure evaluated, the report must include conclusions regarding the extent to which the tax expenditure is meeting its purposes, intent or goals and may include recommendations for continuation or repeal of the tax expenditure or modification of the tax expenditure to improve its performance.  
[PL 2017, c. 266, §3 (AMD).]

**3. Action by committee.** The committee shall review the report submitted by the office under subsection 2, assess the report's objectivity and credibility and vote whether to endorse the report. The committee shall submit a record of the vote on any reports submitted by the office and any comments of or actions recommended by the committee to the policy committee for its review and consideration.  
[PL 2017, c. 266, §3 (AMD).]

**4. Action by policy committee.** The policy committee shall review the results of the tax expenditure evaluations and of the committee's review based on materials submitted under subsections 2 and 3. The policy committee shall submit to the Legislature by the later of 90 days after receipt of materials submitted under subsections 2 and 3 and the adjournment sine die of the regular session during which the materials were received, if applicable, a report documenting its activities under this chapter and any recommendations resulting from its review of the materials submitted under subsections 2 and 3. The policy committee may submit a bill to the Legislature to implement the policy committee's recommendations.  
[PL 2019, c. 161, §1 (AMD).]

## SECTION HISTORY

PL 2015, c. 344, §4 (NEW). PL 2017, c. 266, §§2, 3 (AMD). PL 2019, c. 161, §1 (AMD).

### §1000. Expedited review of tax expenditures

**1. Expedited review process.** Beginning July 1, 2016, the policy committee shall conduct expedited reviews of tax expenditures and the associated tax policies identified under section 998, subsection 1, paragraph B, in accordance with the schedule established in section 998, subsection 2.

A. For each tax policy subject to review, the policy committee shall assess the continued relevance of, or need for adjustments to, the policy, considering:

- (1) The reasons the tax policy was adopted;
  - (2) The extent to which the reasons for the adoption still remain or whether the tax policy should be reconsidered;
  - (3) The extent to which the tax policy is consistent or inconsistent with other state goals; and
  - (4) The fiscal impact of the tax policy, including past and estimated future impacts. [PL 2015, c. 344, §4 (NEW).]
- B. For each tax expenditure related to the tax policy under review, the policy committee shall assess the continued relevance of, or need for adjustments to, the expenditure, considering:
- (1) The fiscal impact of the tax expenditure, including past and estimated future impacts;
  - (2) The administrative costs and burdens associated with the tax expenditure;
  - (3) The extent to which the tax expenditure is consistent with the broad tax policy and with the other tax expenditures established in connection with the policy;
  - (4) The extent to which the design of the tax expenditure is effective in accomplishing its tax policy purpose;
  - (5) The extent to which there are adequate mechanisms, including enforcement efforts, to ensure that only intended beneficiaries are receiving benefits and that beneficiaries are compliant with any requirements;
  - (6) The extent to which the reasons for establishing the tax expenditure remain or whether the need for it should be reconsidered; and
  - (7) Any other reasons to discontinue or amend the tax expenditure. [PL 2015, c. 344, §4 (NEW).]

[PL 2015, c. 344, §4 (NEW).]

**2. Action by the office.** By July 1st in 2016 to 2018 and by December 15th of each year beginning in 2019 the office shall collect, prepare and submit to the policy committee the following information to support the expedited reviews under subsection 1:

- A. A description of the tax policy under review; [PL 2015, c. 344, §4 (NEW).]
- B. Summary information on each tax expenditure associated with the tax policy under review, including:
  - (1) A description of the tax expenditure and the mechanism through which the tax benefit is distributed;
  - (2) The intended beneficiaries of the tax expenditure; and
  - (3) A legislative history of the tax expenditure; and [PL 2015, c. 344, §4 (NEW).]
- C. The fiscal impact of the tax policy and each related tax expenditure, including past and estimated future impacts. [PL 2015, c. 344, §4 (NEW).]

[PL 2019, c. 161, §2 (AMD).]

**3. Report by policy committee; legislation.** By March 1st of each year, beginning in 2020, the policy committee shall submit to the Legislature a report on the results of the expedited reviews conducted pursuant to subsection 1 that year. The policy committee may submit a bill related to the report to the Legislature to implement the policy committee's recommendations.  
[PL 2019, c. 161, §2 (AMD).]

#### SECTION HISTORY

PL 2015, c. 344, §4 (NEW). PL 2019, c. 161, §2 (AMD).

**§1001. Tax expenditure evaluation process details**

**1. Information requests; confidentiality; reporting.** The following provisions apply to the performance of duties under sections 999 and 1000. These powers are in addition to the powers granted to the office and committee under this chapter.

A. The office may request confidential information from the Department of Administrative and Financial Services, Maine Revenue Services or other state agencies as necessary to address the evaluation objectives and performance measures approved under section 999, subsection 1. The office shall request any confidential information in accordance with section 997, subsection 4. The office shall request that confidential tax information, other than beneficiary contact information, be made accessible to the office as de-identified tax data. If Maine Revenue Services is unable to provide such data, the office and representatives of Maine Revenue Services shall determine appropriate methods for the office to access the requested information. [PL 2015, c. 344, §4 (NEW).]

B. Upon request of the office and in accordance with section 997, subsection 4, the Department of Administrative and Financial Services, Maine Revenue Services or other state agencies shall provide confidential information to the office. The office shall maintain the confidentiality of the information provided, in accordance with section 997, subsections 3 and 4. This paragraph does not apply to federal tax information that is confidential under Title 36, section 191, subsection 3. [PL 2015, c. 344, §4 (NEW).]

C. The office, the committee or the policy committee may consult with governmental agencies, other entities and experts, including members of the Consensus Economic Forecasting Commission under Title 5, section 1710. [PL 2015, c. 344, §4 (NEW).]

D. The office may contract with other entities for the purpose of obtaining assistance in the review of tax expenditures. The office shall require a nondisclosure agreement as part of any contract entered into pursuant to this paragraph. The office may not disclose confidential taxpayer information to a contractor, except for:

- (1) Contact information for specific beneficiaries of tax expenditures for the purpose of conducting interviews, surveys or other data collection; and
- (2) Statistics classified so as to prevent the identification of specific taxpayers or the reports, returns or items of specific taxpayers.

The contractor shall retain physical control of any information obtained pursuant to this paragraph until the conclusion of the review for which the information was provided, after which the information must be immediately destroyed. [PL 2015, c. 344, §4 (NEW).]

E. The office may report confidential information obtained under this section to Legislators, legislative committees, state agencies and the public only in the form of statistics classified so as to prevent the identification of specific taxpayers or the reports, returns or items of specific taxpayers. [PL 2015, c. 344, §4 (NEW).]

F. Prior to the submission of a tax expenditure evaluation report under section 999, subsection 2, the office shall provide the State Tax Assessor an opportunity to review a draft of the report in accordance with the provisions of section 997, subsection 1. The State Tax Assessor may advise the office on compliance with paragraph E. [PL 2015, c. 344, §4 (NEW).]

G. For purposes of this section, the following terms have the following meanings:

- (1) "Beneficiary contact information" means the following information listed on a tax return or included in a tax return: the name, address, zip code, e-mail address and telephone number of the taxpayer, and of any related entity, officers, attorneys, personal representatives and other

agents, tax preparers and shareholders of, partners of or members of the taxpayer or of a listed related entity.

(2) "De-identified tax data" means tax returns and other confidential tax information that are redacted or otherwise modified or restricted by Maine Revenue Services so as to exclude the following:

- (a) Beneficiary contact information;
- (b) Identification numbers including federal or state employer identification numbers, social security numbers and registration numbers; and
- (c) Other information from which the State Tax Assessor determines that the identity of the taxpayer could reasonably be inferred. [PL 2015, c. 344, §4 (NEW).]

[PL 2015, c. 344, §4 (NEW).]

**2. Legislation.** The committee may submit to the Legislature any legislation it considers necessary to improve the process or availability of data for the review of tax expenditures.

[PL 2015, c. 344, §4 (NEW).]

#### SECTION HISTORY

PL 2015, c. 344, §4 (NEW).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 129th Maine Legislature and is current through October 1, 2020. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.



# Principles of a High-Quality State Revenue System

by  
NCSL Fiscal Affairs Staff  
and  
Foundation for State Legislatures Fiscal Partners



NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

National Conference of State Legislatures  
William T. Pound, Executive Director

7700 East First Place  
Denver, Colorado 80230  
(303) 364-7700

444 North Capitol Street, N.W., Suite 515  
Washington, D.C. 20011  
(202) 624-5400

[www.ncsl.org](http://www.ncsl.org)

July 2007

## Introduction

As far back as 1776, Adam Smith in *The Wealth of Nations* laid out some criteria for judging revenue systems. He said that a high-quality revenue system should have equity, explicitness, simplicity of compliance and economy of administration. These recommendations remain useful, but their applicability to today's situations requires some reevaluation.

This report revises the original *Principles of a High-Quality State Revenue System*, the work of a group of legislators and legislative staff convened in 1985 by the National Conference of State Legislatures and the Lincoln Institute of Land Policy. The report has served over the years as a guide for evaluation and modification of existing state and local revenue systems.

This revision began as an exploration of whether the original *Principles* still hold. Although this report builds on the original, the project has produced a substantially new document expressing concerns that emerged in the 1990s. Some of these concerns are:

**The evolution of fiscal federalism.** Although federal intergovernmental aid has fluctuated, Congress has delegated increased responsibilities to state and local governments, and states in turn have put additional mandates on local governments.

**Pressures on state revenue systems.** The escalating costs of Medicaid, health care and corrections, among other programs, have strained the ability of revenue systems to produce sufficient funds for these programs.

**The changing nature of state revenue systems.** Tax bases have become narrower and less responsive to economic growth. For example, consumption patterns have shifted away from goods to services, a large proportion of total personal income is exempted from income tax, and tax limitation movements have restricted property taxation.

**Intensified interstate and international economic competition.** The globalization of the economy and state efforts to enhance economic development have led many states to reexamine the competitiveness of their existing tax structures and modify tax policies.

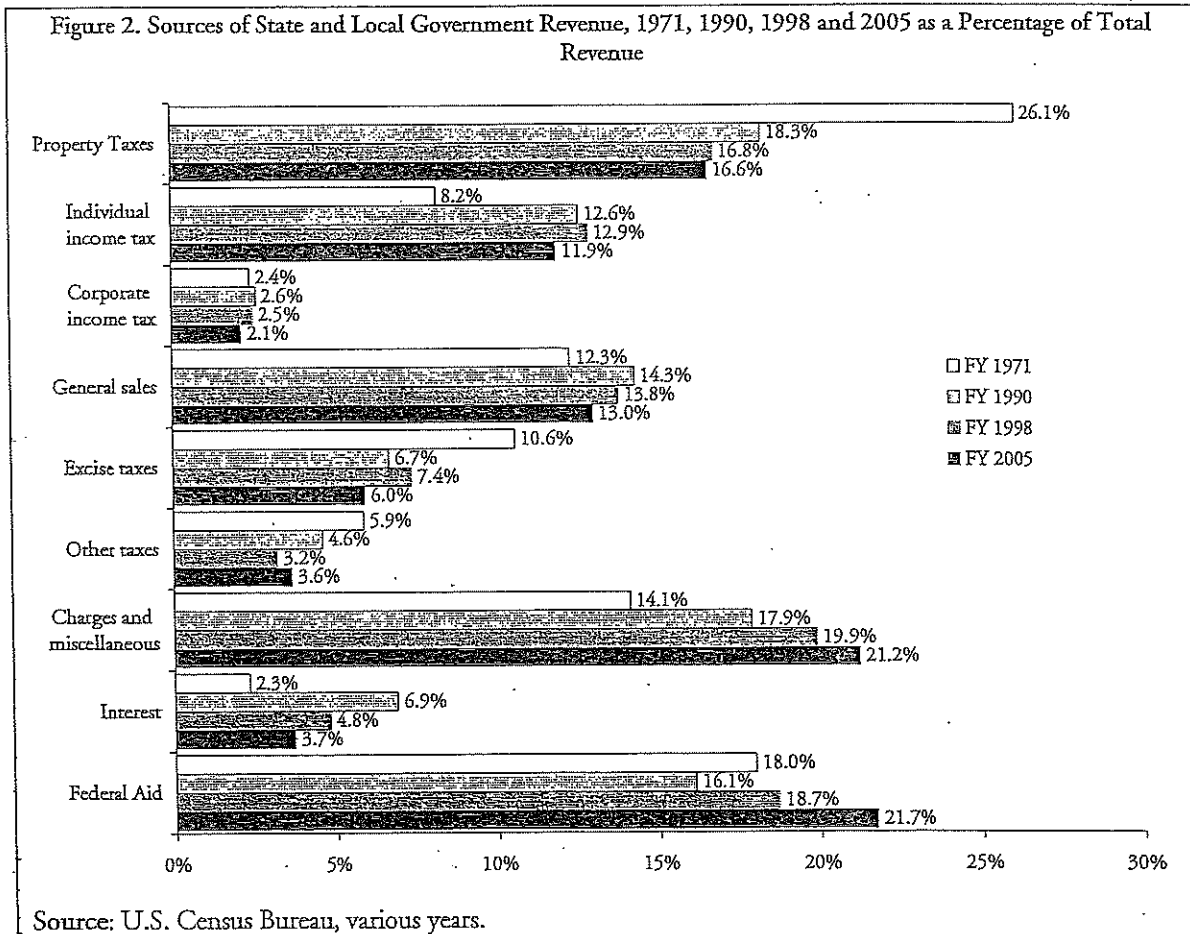
These factors underscore the need for policymakers to reassess how well their tax systems address current and future revenue needs. But the examination must go further. Policymakers also need to consider the elements of sound revenue systems and how those elements change over time. Periodic review and revision help ensure that the elements remain relevant as lawmakers debate new policies.

## Where Does State and Local Revenue Come From?

In fiscal year 2005, state and local revenue came from a large number of sources of varying importance (see figure 1). The most important sources of state and local tax revenue are the property tax, most of which is used to fund local government; the general sales tax; and the individual income tax. The last two are principally state taxes, although the sales tax is also a local tax in 38 states. A few states provide for local income or wage taxes. Charges are a rapidly growing source of revenue for county and municipal governments. The charges and miscellaneous segment also includes such sources of state revenue as tuition and lotteries.

The relative importance of the major revenue sources for state and local governments changed between 1971 and 2005 (see figure 2). Property taxes declined in importance, and their share was picked up mostly by state individual income taxes, charges and miscellaneous revenues. The proportion of revenue from the corporate income tax was relatively stable. Other taxes' shares have fluctuated. Appendix 1 at the end of this report provides the data on which figures 1 and 2 are based.

The most notable changes have been a steady increase in the role of charges and miscellaneous revenue and a rebound in federal aid in 2005.



---

## Principles of a High-Quality State Revenue System

1. A high-quality revenue system comprises elements that are complementary, including the finances of both state and local governments.
2. A high-quality revenue system produces revenue in a reliable manner. Reliability involves stability, certainty and sufficiency.
3. A high-quality revenue system relies on a balanced variety of revenue sources.
4. A high-quality revenue system treats individuals equitably. Minimum requirements of an equitable system are that it imposes similar tax burdens on people in similar circumstances, that it minimizes regressivity, and that it minimizes taxes on low-income individuals.
5. A high-quality revenue system facilitates taxpayer compliance. It is easy to understand and minimizes compliance costs.
6. A high-quality revenue system promotes fair, efficient and effective administration. It is as simple as possible to administer, raises revenue efficiently, is administered professionally, and is applied uniformly.
7. A high-quality revenue system is responsive to interstate and international economic competition.
8. A high-quality revenue system minimizes its involvement in spending decisions and makes any such involvement explicit.
9. A high-quality revenue system is accountable to taxpayers.

---

2. A high-quality revenue system produces revenue in a reliable manner. Reliability involves stability, certainty and sufficiency.

Stability, certainty and sufficiency provide the framework for discussing reliability.

**Stability.** The amount of revenue collected should be relatively constant over time, not subject to unpredictable fluctuations. A high-quality state revenue system promotes stability by imposing a mix of taxes, with some responding less sharply to economic change. For example, taxes (such as progressive personal income taxes) whose revenue yield grows faster than personal income in good times but slower than personal income in bad times should be offset by taxes (such as broad-based sales taxes) whose yield tends to be more consistent over the business cycle. A diversified revenue structure with broad bases tends to be more stable than an undiversified structure with narrow bases (Principle 3). Some instability in state revenue systems is inevitable, however, because fluctuations in the business cycle affect all state revenue sources somewhat.

**Certainty.** Certainty provides that the number and types of tax changes will be kept to a minimum. Individuals and businesses should not be subject to frequent changes in tax rates and bases because frequent changes interfere with their economic choices and their ability to make long-term financial plans and decisions. This concept reinforces the need for stability because an unstable revenue stream is more likely to require continual tax changes.

**Sufficiency.** Sufficiency requires that revenue be adequate to balance the state budget in the short run and change at approximately the same rate as desired state spending, whatever that may be. A high-quality revenue system produces enough revenue to finance the level of services that the state chooses to provide (as determined by what the voters and elected officials are willing to fund). The level will vary according to the political, cultural, social and economic characteristics of the state. Developing a revenue system that is capable of producing the desired level of revenue will help lawmakers avoid frequent tax increases or spending cuts.

Further, a high-quality revenue system minimizes the use of tax earmarking, the practice of designating a particular revenue source for a specific expenditure. State programs may be placed in jeopardy if they are funded solely by earmarked revenues because there is no guarantee of a consistent revenue stream (stability) nor of adequate ongoing revenue (sufficiency). Further, earmarking often imposes rigidities into the budgeting system that do not permit flexible allocations of general revenue among competing uses. When earmarking is used, there should be a direct link between the recipient of the funds and the earmarked revenue source (e.g., the highway department receiving gasoline tax revenues). This use is justified on the grounds that all or a portion of the earmarked revenue source is supporting the benefit received. Generally, earmarking should not be used for general expenditures.

- 
4. A high-quality revenue system treats individuals equitably. Minimum requirements of an equitable system are that it imposes similar tax burdens on people in similar circumstances, that it minimizes regressivity, and that it minimizes taxes on low-income individuals.

Equity traditionally has been measured in terms of individuals' ability to pay taxes and has two main components—horizontal equity and vertical equity. Horizontal equity requires that people in similar circumstances have similar tax burdens. Vertical equity refers to the distribution of tax burdens among people in different circumstances.

There is no general agreement on what vertical equity means in practice. Vertical equity raises complicated questions about how much (and whether) taxes should increase as income increases. Reliance upon sales, excise and property taxes tends to make state and local revenue systems regressive, that is, low-income people pay a larger proportion of their income in taxes than higher income people do. Although some might argue that a high-quality revenue system should be proportional (where taxes account for the same proportion of income as income rises or progressive (where taxes account for a higher proportion of income as income rises), at the very least a high-quality revenue system minimizes regressivity. The progressivity or regressivity of the entire system is more important than that of any particular tax.

An equitable revenue system minimizes taxes on low-income households. As part of the Tax Reform Act of 1986, the federal government exempted those with poverty-level income from taxation. Since that time, a number of states also have exempted very poor households from income taxes, and some provide for reimbursement of a portion of sales and property taxes to low-income taxpayers. State earned income tax credits offered in 15 states supplement the federal earned income tax credit and provide tax reductions and wage supplements for low- and moderate-income working families. The basis for such policies is the concept of the ability to pay; such policies also help preserve the economic independence of the working poor.

6. A high-quality revenue system promotes fair, efficient and effective administration. It is as simple as possible to administer, raises revenue efficiently, is administered professionally, and is applied uniformly.

Tax administration involves assessing and collecting taxes. A tax system that is easy to administer reduces the likelihood of errors and facilitates fairness. Professional and uniform tax administration-both throughout the state and within individual jurisdictions-enhances the effectiveness of the system by improving taxpayer compliance. Poor tax administration will mean that tax burdens are distributed among taxpayers in ways the law did not intend. If the tax system is administered fairly, individuals and businesses are more likely to pay their rightful share of the tax burden.

Also, an easily managed system increases the efficiency of revenue collections, since a smaller proportion of revenue is used to pay for tax administration.

---

8. A high-quality revenue system minimizes its involvement in spending decisions and makes any such involvement explicit.

The primary purpose of a revenue system is to raise money. One of the goals of a revenue system is to be economically neutral (Principle 3), a goal that is inconsistent with the use of tax policy to make budget decisions or to influence behavior. Revenue systems can affect budgets in two main ways—through deductions, exemptions and credits intended to foster certain activities and through the use of earmarking.

A high-quality revenue system may include such devices. But policymakers should be certain that these measures not only would do what is expected of them, but also reach their goal at a reasonable cost. Tax deductions, credits and exemptions shift tax burdens from a favored set of taxpayers to less favored taxpayers. For this reason, the costs should be explicit and should be reviewed annually. Earmarked taxes also may fail in the long run to perform as efficiently as originally expected, providing a different amount of revenue for services or programs than policymakers would allocate if it were a matter of appropriation. All these devices tend to remain on the law books without regular consideration of their impact and possibly after the need for them is gone.

On the other hand, these measures have many uses, and they will continue to be part of state revenue systems. They should be used carefully with full consideration given to the tax shifting that may be involved and to the long-term costs and benefits. Since the budget process makes expenditures explicit, the revenue system ideally should leave expenditures to the budgetary system.



### Appendix 1. Sources of State and Local Governments' Revenue, 1971, 1990, 1998 and 2005

Revenue Sources	FY 1971	FY 1990	FY 1998	FY 2005
<b>Taxes as a Percentage of Total Revenue</b>	<b>65.5%</b>	<b>59.1%</b>	<b>56.6%</b>	<b>53.3%</b>
Property taxes	26.1	18.3	16.8	16.6
Individual income tax	8.2	12.6	12.9	11.9
Corporate income tax	2.4	2.6	2.5	2.1
General sales tax	12.3	14.3	13.8	13.0
Excise taxes	10.6	6.7	7.4	6.0
Other taxes	5.9	4.6	3.2	3.6
<b>Nontax Revenues as a Percentage of Total Revenue</b>	<b>34.4%</b>	<b>40.9%</b>	<b>43.4%</b>	<b>46.6%</b>
Charges and miscellaneous	14.1	17.9	19.9	21.2
Interest	2.3	6.9	4.8	3.7
Federal aid	18.0	16.1	18.7	21.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

General revenue includes all sources of government income as defined by the federal government, except for the income of publicly owned utilities and liquor stores and the income of public insurance trusts—that is, unemployment compensation, workers' compensation and public employee retirement funds.

Source: U.S. Department of Commerce, Bureau of the Census. (<http://www.census.gov/govs>)

## Participating Legislators and Staff

- Joyce Bigbee, Director, Legislative Fiscal Office, Alabama
- Dave Crotts, Senior Analyst, Fiscal Research Division, North Carolina
- Gilmore Dutton, Staff Administrator, Appropriations and Revenue Committee, Kentucky\*
- Alicia Ramming Emerson, Senior Policy Analyst, House Research Division, Oklahoma
- Senator Richard Finan, President Pro Tem and Chair, Ways and Means Committee, Ohio
- Senator Wayne Goode, Chair, Energy and Environment Committee, Missouri\*
- Senator Laurence Levitan, Chair, Budget and Tax Committee, Maryland\*
- Representative Karen McCarthy, Chair, Ways and Means Committee, Missouri\*
- Gary Olson, Director, Senate Fiscal Agency, Michigan\*
- Peter Schaafsma, Director, Revenue and Taxation Section, Legislative Analyst's Office, California
- Representative Paul Schauer, Chair, Business Affairs and Labor Committee, Colorado\*
- Representative Donna Sytek, Chair, Ways and Means Committee, New Hampshire
- William Russell, Chief Counsel to the Legislature, Vermont
- Abraham M. Lackman, Director of Fiscal Studies, Senate Finance Committee, New York

\*Participated in the development of the original Principles document.

## Representatives of the Foundation Partners

### American Express Company

Les Goldberg, Vice President, State Government Affairs

Stephen Lemson, Director, State Government Affairs

### AT&T

Linda Adams, Government Affairs Director, Idaho, Montana and Wyoming

Pam Helmer, Division Manager, Tax Department

### National Education Association

Joseph Falzon, Professional Associate, Economics and School Finance, Research Division

R. Dick VanderWoude, Senior Professional Associate, Government Relations

### PepsiCo

Bill Ehrig, Government Affairs

### Philip Morris U.S.A.

Derek Crawford, Government Affairs

Tina Walls, Director of Government Affairs

### United Parcel Service

Thomas Hardeman, Vice President

Joseph Polizzi, Vice President

## Useful publications

- **Compendium of State Fiscal Information** – summary of taxes & revenue sources, revenue & expenditures, bonded debt, reserve funds, and tax burden. (produced annually by the Office of Fiscal and Program Revenue) – Available online at <http://legislature.maine.gov/ofpr/compendium/9576>. Most recent edition is December 2020– (color of cover is Light Green) and includes a wealth of information on taxes, fees, revenues and reimbursements including the following

Individual Income Tax	Health Care Provider Tax	Recycling Assistance Fees
Corporate Income Tax	Telecom. Personal Property Tax	Milk Handling Fee
Franchise Tax on Financial Inst.	Public Utilities Assessments	Milk Pool and Other Milk Fees
Sales and Use Taxes	E-9-1-1 Surcharge	Blueberry Tax
Service Provider Tax	Real Estate Transfer Tax	Potato Tax
Estate Tax	Unorganized Territory Taxes	Mining Excise Tax
Cigarette Tax	Commercial Forestry Excise Tax	Pari-Mutuel Revenue
Tobacco Products Tax	Spruce Budworm Mangmt Tax	Racino Revenue
Cigarette & Tobacco License Fees	Gasoline Tax	Lottery Revenue
Liquor Taxes	Special Fuel and Road Use Taxes	Tobacco Settlement Payments
Insurance Premium Tax	Salmon Tax	Tax Relief Program Transfers
Hospital Assessments and Taxes	Mahogany Quahog Tax	Municipal Revenue Sharing

- **Major State Funding Disbursed to Municipalities and Counties** – This report summarizes the major state funding disbursed to municipalities and counties. It captures state funds, including bond proceeds, paid directly to municipalities and counties or paid on their behalf for a local governmental purpose. (produced annually by the Office of Fiscal and Program Revenue) – Most recent edition November 2020 – (color of cover is Gold). Available online at <http://legislature.maine.gov/ofpr/municipal-funding-report/9577> . The report includes a 20 year history of information regarding State payments to municipalities in several areas including the following:

- |  |  |
|--|--|
| • <a href="#">Exhibit A - Transportation Funding</a>     | <a href="#">Exhibit G - Criminal Justice</a>                                 |
| • <a href="#">Exhibit B - General Assistance</a>         | <a href="#">Exhibit H - Economic Development</a>                             |
| • <a href="#">Exhibit C - Education Funding</a>          | <a href="#">Exhibit I - Emergency &amp; Disaster Assistance</a>              |
| • <a href="#">Exhibit D - Revenue Sharing</a>            | <a href="#">Appendix A - Tax Reimbursement to Individuals and Businesses</a> |
| • <a href="#">Exhibit E - Property Tax Reimbursement</a> |  |
| • <a href="#">Exhibit F - Natural Resource Agencies</a>  |  |

- **Tax Expenditure Report** – includes state income tax and sales tax “expenditures” or a reduction in revenue from special exclusions, exemptions, deductions, credits and preferential rates or deferral of tax liability (produced biannually by the Department of Administrative and Financial Services, Maine Revenue Services, Economic Research Division) – Most recent edition is February 2019. – (color of cover is red).

Available online at [http://www.state.me.us/revenue/research/tax\\_expenditure\\_report\\_15.pdf](http://www.state.me.us/revenue/research/tax_expenditure_report_15.pdf)

- **Report of the Maine State Revenue Forecasting Committee** – includes projected revenues for stte government for the current biennium and the next biennium. This report is prepared semi annually by the Revenue Forecasting Committee and constitutes the revenue side of a balanced budget. Available online at <http://legislature.maine.gov/ofpr/revenue-forecasting-committee/9609>.

- **Municipal Valuation Return Statistical Summary** – municipal tax information detailing valuations and exemptions by selected categories, assessment ratios and tax rates by town. (produced annually by the Maine Revenue Services) – Most recent edition (2019 Municipal Valuation Return Statistical Summary) was published in October 2020. Available online at: <https://www.maine.gov/revenue/taxes/property-tax/municipal-services/valuation-return-statistical-summary>  
The publication includes a wealth of information regarding municipal property taxes, listed by county and municipality.
- **Joint Standing Committee on Taxation. Summaries of bills, adopted amendments and laws enacted or finally passed.** Prepared annually at the end of each legislative session by the Office of Fiscal and Program Review. Includes all bills referred to the Taxation Committee from the Second Regular Session of the 118<sup>th</sup> Legislature to the present. Available online at <http://legislature.maine.gov/ofpr/129th-taxation-committee-information/9608>  
<http://legislature.maine.gov/ofpr/130th-taxation-committee-information/9710>
- **Committee status of bills before the Taxation Committee.** Table providing summary and current status of all bills referred to the Taxation Committee during the current session. (130<sup>th</sup> Bill Status/Summary) Prepared by the committee analyst and updated at least weekly. Available at <http://legislature.maine.gov/ofpr/129th-taxation-committee-information/9608>  
<http://legislature.maine.gov/ofpr/130th-taxation-committee-information/9710>
- **Maine tax studies and reports in the collection of the Mains State Law and Legislative Reference Library.** Compilation prepared by the Law and Legislative Reference Library through January 2014.