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Date: (Filing No. H-)

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
SECOND REGULAR SESSION**

HOUSE AMENDMENT “ ” to COMMITTEE AMENDMENT “B” to S.P. 616, L.D. 1564, Bill, “An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes”

Amend the amendment by inserting after the title the following:

'Amend the bill by inserting after the enacting clause and before section 1 the following:

'PART A'

Amend the amendment by inserting after the first indented paragraph the following:

'Sec. 2. 36 MRSA §5122, sub-§1, ¶Q, as enacted by PL 2003, c. 20, Pt. II, §2, is repealed.'

Amend the amendment by striking out all of section 4 and inserting the following:

'Sec. 4. 36 MRSA §5122, sub-§1, ¶¶KK and LL are enacted to read:

KK. For taxable years beginning in 2015:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-NN for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-NN; and

LL. For taxable years beginning on or after January 1, 2016 but before January 1, 2020, an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer for the taxable year under the Code, Section 168(k).'

Amend the amendment in section 7 by striking out all of paragraph PP (page 4, lines 10 to 31 in amendment) and inserting the following:

HOUSE AMENDMENT

1 'PP. For taxable years beginning on or after January 1, 2017, an amount equal to the
2 net increase in the depreciation deduction allowable under the Code, Sections 167
3 and 168 that would have been applicable to that property had the depreciation
4 deduction under the Code, Section 168(k) not been claimed with respect to such
5 property placed in service during the applicable taxable year for which an addition
6 was required under subsection 1, paragraph LL for the applicable taxable year.

7 Upon the taxable disposition of property to which this paragraph applies, the amount
8 of any gain or loss includable in federal adjusted gross income must be adjusted for
9 Maine income tax purposes by an amount equal to the difference between the
10 addition modification for such property under subsection 1, paragraph LL and the
11 subtraction modifications allowed pursuant to this paragraph.

12 The total amount of subtraction claimed under this paragraph for all tax years may
13 not exceed the addition modification under subsection 1, paragraph LL for the same
14 property.'

15 Amend the amendment by striking out all of sections 8 to 11.

16 Amend the amendment in section 14 by striking out all of paragraph DD (page 5,
17 lines 37 to 39 and page 6, lines 1 to 6 in amendment) and inserting the following:

18 'DD. For taxable years beginning on or after January 1, 2016 but before January 1,
19 2020, an amount equal to the net increase in depreciation attributable to the
20 depreciation deduction claimed by the taxpayer for the taxable year under the Code,
21 Section 168(k).'

22 Amend the amendment in section 17 by striking out all of paragraph BB (page 7,
23 lines 16 to 36 in amendment) and inserting the following:

24 'BB. For taxable years beginning on or after January 1, 2017, an amount equal to the
25 net increase in the depreciation deduction allowable under the Code, Sections 167
26 and 168 that would have been applicable to that property had the depreciation
27 deduction under the Code, Section 168(k) not been claimed with respect to such
28 property placed in service during the applicable taxable year for which an addition
29 was required under subsection 1, paragraph DD for the applicable taxable year.

30 Upon the taxable disposition of property to which this paragraph applies, the amount
31 of any gain or loss includable in federal taxable income must be adjusted for Maine
32 income tax purposes by an amount equal to the difference between the addition
33 modification for such property under subsection 1, paragraph DD and the subtraction
34 modifications allowed pursuant to this paragraph.

35 The total amount of subtraction claimed under this paragraph for all tax years may
36 not exceed the addition modification under subsection 1, paragraph DD for the same
37 property.'

38 Amend the amendment by striking out all of section 18.

39 Amend the amendment in section 20 in the first line (page 9, line 6 in amendment) by
40 striking out the following: "Act" and inserting the following: 'Part'

41 Amend the amendment in section 20 in the first paragraph in the last line by inserting
42 after the following: "2015." the following: "That section of this Part that repeals the Maine

1 Revised Statutes, Title 36, section 5122, subsection 1, paragraph Q applies to tax years
2 beginning on or after January 1, 2016.'

3 Amend the amendment by inserting after section 20 the following:

4 **'PART B**

5 **Sec. B-1. Transfer from tax relief fund.** The State Controller shall transfer
6 \$9,535,933 from the Tax Relief Fund for Maine Residents established in the Maine
7 Revised Statutes, Title 5, section 1518-A to the unappropriated surplus of the General
8 Fund no later than June 30, 2016.

9 **PART C**

10 **Sec. C-1. Appropriations and allocations.** The following appropriations and
11 allocations are made.

12 **TREASURER OF STATE, OFFICE OF**
13 **Debt Service - Treasury 0021**

14 Initiative: Reduces funding for debt service costs.

15	GENERAL FUND	2015-16	2016-17
16	All Other	(\$6,113,120)	\$0
17			
18	GENERAL FUND TOTAL	<u>(\$6,113,120)</u>	<u>\$0</u>

19 **PART D**

20 **Sec. D-1. Transfers from available fiscal year 2015-16 Other Special**
21 **Revenue Funds balances within the Department of Environmental Protection**
22 **to General Fund.** Notwithstanding any other provision of law, at the close of fiscal
23 year 2015-16, the State Controller shall transfer \$194,312 from available balances in
24 Other Special Revenue Funds accounts within the Department of Environmental
25 Protection to the General Fund unappropriated surplus. On or before June 30, 2016, the
26 Commissioner of Environmental Protection shall determine from which accounts the
27 funds must be transferred so that the sum equals \$194,312 and notify the State Controller
28 and the Joint Standing Committee on Appropriations and Financial Affairs of the
29 amounts to be transferred from each account.

30 **PART E**

31 **Sec. E-1. Personal Services savings; transfer to General Fund revenue.**
32 Notwithstanding the Maine Revised Statutes, Title 5, section 1582, subsection 4 or any
33 other provision of law, the State Controller shall transfer the first \$3,652,722 of
34 unexpended Personal Services appropriations that would otherwise lapse to the General

1 Fund Salary Plan program in the Department of Administrative and Financial Services to
 2 the unappropriated surplus of the General Fund at the close of fiscal year 2015-16.

3 **Sec. E-2. General Fund Salary Plan; transfer to General Fund revenue.**
 4 Notwithstanding any other provision of law, the State Controller shall transfer up to
 5 \$3,652,722 from the General Fund Salary Plan program in the Department of
 6 Administrative and Financial Services to the unappropriated surplus of the General Fund
 7 at the close of fiscal year 2015-16 in the event that the total savings in section 1 of this
 8 Part are not achieved.

9 **PART F**

10 **Sec. F-1. Transfer from Maine Budget Stabilization Fund.** The State
 11 Controller shall transfer \$21,621,138 from the Maine Budget Stabilization Fund
 12 established in the Maine Revised Statutes, Title 5, section 1532 to the unappropriated
 13 surplus of the General Fund no later than June 30, 2017.

14 **PART G**

15 **Sec. G-1. Transfer to General Fund unappropriated surplus; K-12**
 16 **Essential Programs and Services, Other Special Revenue Funds account.**
 17 Notwithstanding any other provision of law, the State Controller shall transfer \$767,507
 18 from the K-12 Essential Programs and Services, Other Special Revenue Funds account in
 19 the Department of Education to the General Fund unappropriated surplus no later than
 20 June 30, 2016.

21 **Sec. G-2. Mill expectation.** The mill expectation pursuant to the Maine Revised
 22 Statutes, Title 20-A, section 15671-A for fiscal year 2016-17 is 8.23.

23 **Sec. G-3. Appropriations and allocations.** The following appropriations and
 24 allocations are made.

25 **EDUCATION, DEPARTMENT OF**

26 **General Purpose Aid for Local Schools 0308**

27 Initiative: Increases funding for subsidy payments to school administrative units.

28	GENERAL FUND	2015-16	2016-17
29	All Other	\$0	\$22,388,645
30			
31	GENERAL FUND TOTAL	\$0	\$22,388,645

32	OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
33	All Other	\$0	\$711,355
34			
35	OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$711,355

1	EDUCATION, DEPARTMENT OF		
2	DEPARTMENT TOTALS	2015-16	2016-17
3			
4	GENERAL FUND	\$0	\$22,388,645
5	OTHER SPECIAL REVENUE FUNDS	\$0	\$711,355
6			
7	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$23,100,000

8 **PART H**

9 **Sec. H-1. PL 2015, c. 267, Pt. T, §§1 and 2** are amended to read:

10 **Sec. T-1. Transfer from General Fund unappropriated surplus; Fund for**
 11 **Efficient Delivery of Local and Regional Services - Administration, Other**
 12 **Special Revenue Funds account; fiscal year 2015-16.** Notwithstanding any other
 13 provision of law, the State Controller shall transfer ~~\$750,000~~ \$500,000 from the General
 14 Fund unappropriated surplus to the Fund for Efficient Delivery of Local and Regional
 15 Services - Administration, Other Special Revenue Funds account within the Department
 16 of Administrative and Financial Services no later than June 30, 2016.

17 **Sec. T-2. Transfer from General Fund unappropriated surplus; Fund for**
 18 **Efficient Delivery of Local and Regional Services - Administration, Other**
 19 **Special Revenue Funds account; fiscal year 2016-17.** Notwithstanding any other
 20 provision of law, the State Controller shall transfer ~~\$750,000~~ \$500,000 from the General
 21 Fund unappropriated surplus to the Fund for Efficient Delivery of Local and Regional
 22 Services - Administration, Other Special Revenue Funds account within the Department
 23 of Administrative and Financial Services no later than June 30, 2017.

24 **Sec. H-2. Appropriations and allocations.** The following appropriations and
 25 allocations are made.

26 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
 27 **Fund for Efficient Delivery of Local and Regional Services - Administration Z047**
 28 Initiative: Reduces funding by \$250,000 in each year of the 2016-2017 biennium.

29	OTHER SPECIAL REVENUE FUNDS	2015-16	2016-17
30	All Other	(\$250,000)	(\$250,000)
31			
32	OTHER SPECIAL REVENUE FUNDS TOTAL	(\$250,000)	(\$250,000)

33 **PART I**

34 **Sec. I-1. PL 2015, c. 267, Part PP** is repealed.

1 the State Controller to transfer funding from the General Fund Salary Plan program to the
2 General Fund unappropriated surplus in the event that the full \$3,652,722 of Personal
3 Services savings in this Part is not achieved.

4 Part F requires the transfer of \$21,621,138 from the Maine Budget Stabilization Fund
5 to the unappropriated surplus of the General Fund no later than June 30, 2017.

6 Part G transfers the projected increases in funding to the Department of Education
7 from casino revenues in the December 1, 2015 revenue forecast to the General Fund in
8 fiscal year 2015-16. This Part requires the State Controller to transfer \$767,507 from the
9 K-12 Essential Programs and Services, Other Special Revenue Funds account in the
10 Department of Education to the General Fund unappropriated surplus no later than June
11 30, 2016. Part G reduces the mill rate expectation for fiscal year 2016-17 to 8.23. Part G
12 also increases funding for subsidy payments to school administrative units by increasing
13 appropriations and increasing allocations from projected increases in casino revenues in
14 the December 1, 2015 revenue forecast.

15 Part H reduces by \$250,000, to \$500,000 each fiscal year of the 2016-2017 biennium,
16 the one-time transfer from the General Fund unappropriated surplus to the Fund for
17 Efficient Delivery of Local and Regional Services - Administration, Other Special
18 Revenue Funds account within the Department of Administrative and Financial Services.
19 This Part also reduces the allocation in the associated Other Special Revenue Funds
20 account in both fiscal years of the biennium that would have received the transfer.

21 Part I repeals Public Law 2015, chapter 267, Part PP, which required the State
22 Controller to transfer \$750,000 in each fiscal year of the 2016-2017 biennium, as a one-
23 time transfer, from the General Fund unappropriated surplus to the Fund for the Efficient
24 Delivery of Educational Services, Other Special Revenue Funds account within the
25 Department of Education. This Part also eliminates one-time funding for the
26 consolidation of school administrative units.

27 Part J transfers the projected remaining balance of \$300,000 in fiscal year 2015-16
28 from the Dirigo Health Fund to the General Fund unappropriated surplus in addition to
29 the transfer of \$700,000 enacted in Public Law 2015, chapter 267, Part W.

30 Current law directs the State Controller to conduct recovery audits of payments made
31 by state agencies to vendors at least once every 10 years. Part K lapses the remaining
32 balance of the audit recovery, after the amounts paid to the consultant, to the
33 unappropriated surplus of the General Fund no later than June 30, 2016.

34 **FISCAL NOTE REQUIRED**

35 **(See attached)**

36 SPONSORED BY: _____

37 (Representative TIPPING-SPITZ)

38 TOWN: Orono