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No. 1572

H.P. 1141

House of Representatives, June 26, 2013

**An Act To Correct Minor Technical Errors and Inconsistencies in
the Unified Budget Bill**

(EMERGENCY)

Reported by Representative ROTUNDO of Lewiston for the Joint Standing Committee on
Appropriations and Financial Affairs pursuant to Joint Order, H.P. 1140.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** this legislation corrects certain errors and inconsistencies that occurred in
4 the unified budget bill; and

5 **Whereas,** the unified budget bill is emergency legislation, which takes effect June
6 26, 2013; and

7 **Whereas,** these errors and inconsistencies must be corrected as soon as possible in
8 order to ensure the proper operation of State Government; and

9 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
10 the meaning of the Constitution of Maine and require the following legislation as
11 immediately necessary for the preservation of the public peace, health and safety; now,
12 therefore,

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

14 **Sec. 1. 36 MRSA §1811, first ¶,** as amended by PL 2013, c. 368, Pt. M, §2 and
15 Pt. N, §2, is repealed and the following enacted in its place:

16 A tax is imposed on the value of all tangible personal property, products transferred
17 electronically and taxable services sold at retail in this State. The rate of tax is 7% on the
18 value of liquor sold in licensed establishments as defined in Title 28-A, section 2,
19 subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of
20 living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of
21 rental for a period of less than one year of an automobile, of a pickup truck or van with a
22 gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged
23 in the business of renting automobiles or of a loaner vehicle that is provided other than to
24 a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's
25 warranty; 7% on the value of prepared food; and 5% on the value of all other tangible
26 personal property and taxable services and products transferred electronically.
27 Notwithstanding the other provisions of this section, from October 1, 2013 to June 30,
28 2015, the rate of tax is 8% on the value of rental of living quarters in any hotel, rooming
29 house or tourist or trailer camp; 8% on the value of prepared food; 8% on the value of
30 liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15,
31 in accordance with Title 28-A, chapter 43; and 5.5% on the value of all other tangible
32 personal property and taxable services. Value is measured by the sale price, except as
33 otherwise provided. The value of rental for a period of less than one year of an
34 automobile or of a pickup truck or van with a gross vehicle weight of less than 26,000
35 pounds rented from a person primarily engaged in the business of renting automobiles is
36 the total rental charged to the lessee and includes, but is not limited to, maintenance and
37 service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any
38 separately itemized charges on the rental agreement to recover the owner's estimated
39 costs of the charges imposed by government authority for title fees, inspection fees, local
40 excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees
41 must be disclosed when an estimated quote is provided to the lessee.

1 **Sec. 2. 36 MRSA §2552, sub-§1**, as amended by PL 2011, c. 542, Pt. A, §139, is
2 further amended to read:

3 **1. Rate.** A tax at the rate of 5%, except that, from October 1, 2013 to June 30, 2015,
4 a tax at the rate of 5.5%, is imposed on the value of the following services sold in this
5 State:

- 6 A. Extended cable and satellite television services;
- 7 B. Fabrication services;
- 8 C. Rental of video media and video equipment;
- 9 D. Rental of furniture, audio media and audio equipment pursuant to a rental-
10 purchase agreement as defined in Title 9-A, section 11-105;
- 11 E. Telecommunications services;
- 12 F. The installation, maintenance or repair of telecommunications equipment;
- 13 G. Private nonmedical institution services;
- 14 H. Community support services for persons with mental health diagnoses;
- 15 I. Community support services for persons with intellectual disabilities or autism;
- 16 J. Home support services; and
- 17 L. Ancillary services.

18 **Sec. 3. 36 MRSA §5122, sub-§1, ¶HH**, as enacted by PL 2013, c. 368, Pt. TT,
19 §4, is amended to read:

20 HH. For taxable years beginning in 2013:

- 21 (1) An amount equal to the net increase in depreciation attributable to the
22 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
23 with respect to property placed in service in the State during the taxable year for
24 which a credit is claimed under section ~~5219-H~~ 5219-JJ for that taxable year; and
- 25 (2) An amount equal to the net increase in depreciation attributable to the
26 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
27 with respect to property for which a credit is not claimed under section ~~5219-H~~
28 5219-JJ.

29 **Sec. 4. 36 MRSA §5200-A, sub-§1, ¶AA**, as enacted by PL 2013, c. 368, Pt. TT,
30 §14, is amended to read:

31 AA. For taxable years beginning in 2013:

- 32 (1) An amount equal to the net increase in depreciation attributable to the
33 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)
34 with respect to property placed in service in the State during the taxable year for
35 which a credit is claimed under section ~~5219-H~~ 5219-JJ for that taxable year; and
- 36 (2) An amount equal to the net increase in depreciation attributable to the
37 depreciation deduction claimed by the taxpayer under the Code, Section 168(k)

1 with respect to property for which a credit is not claimed under section ~~5219-II~~
2 5219-JJ.

3 **Sec. 5. 36 MRSA §5219-II**, as enacted by PL 2013, c. 368, Pt. TT, §18, is
4 reallocated to 36 MRSA §5219-JJ.

5 **Sec. 6. 36 MRSA §5403**, as amended by PL 2013, c. 368, Pt. Q, §11 and affected
6 by §12 and amended by Pt. TT, §19, is repealed and the following enacted in its place:

7 **§5403. Annual adjustments for inflation**

8 The income tax rate brackets and itemized deduction limitation amount must be
9 adjusted for the cost of living as provided in this section.

10 **1. Income tax rate brackets.** Beginning in 2015, and each subsequent calendar year
11 thereafter, on or about September 15th, the State Tax Assessor shall multiply the cost-of-
12 living adjustment for taxable years beginning in the succeeding calendar year by the
13 dollar amounts of the tax rate tables specified in section 5111, subsections 1-D, 2-D and
14 3-D.

15 **2. Itemized deduction limitation amount.** Beginning in 2013, and each subsequent
16 calendar year thereafter, on or about September 15th, the State Tax Assessor shall
17 multiply the cost-of-living adjustment for taxable years beginning in the succeeding
18 calendar year by the dollar amount of the itemized deduction limitation amount in section
19 5125, subsection 4.

20 **3. Rounding.** If the dollar amounts of each rate bracket or the itemized deduction
21 limitation amount, adjusted by application of the cost-of-living adjustment, is not a
22 multiple of \$50, any increase must be rounded to the next lowest multiple of \$50. If the
23 cost-of-living adjustment for any taxable year would be less than the cost-of-living
24 adjustment for the preceding calendar year, the cost-of-living adjustment is the same as
25 for the preceding calendar year. The assessor shall incorporate such changes into the
26 income tax forms, instructions and withholding tables for the taxable year.

27 **Sec. 7. PL 2013, c. 368, Pt. A, §34, 8th occurrence of Medical Care -**
28 **Payments to Providers 0147** is amended by amending the initiative to read:

29 Initiative: Reduces funding by limiting reimbursement for behavioral health services, as
30 defined in the MaineCare Benefits Manual, Section 65, provided to dually eligible
31 members to licensed clinical social workers or other Medicare-approved providers.

32 **Sec. 8. Appropriations and allocations.** The following appropriations and
33 allocations are made.

34 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
35 **Mandate BETE - Reimburse Municipalities Z065**

36 Initiative: Deappropriates funding for an initiative that was not intended to be included in
37 Public Law 2013, c. 368. The related statutory changes were not included in the final
38 enacted version of the Act.

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GENERAL FUND	2013-14	2014-15
All Other	(\$726)	(\$2,320)
GENERAL FUND TOTAL	<u>(\$726)</u>	<u>(\$2,320)</u>

Sec. 9. Retroactivity. This Act applies retroactively to June 26, 2013.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This bill corrects minor technical errors and inconsistencies in Public Law 2013, chapter 368, the so-called unified budget bill, including:

1. Correcting a technical conflict created when 2 sections of the public law amended the same section of law;
2. Clarifying that the temporary increase in the sales tax to 5.5% applies to the services currently subject to the 5% sales tax;
3. Correcting a numbering error created when 2 different provisions of law were enacted with the same title and section number by reallocating the provision establishing the Maine capital investment credit for 2013;
4. Resolving a conflict created when 2 sections amended the provision of law that provides for an annual adjustment for inflation of the income tax rate brackets in different ways, one by delaying the annual adjustment of the income tax rate brackets and the other by providing for an annual adjustment of the itemized deduction limitation amount. Both provisions are maintained;
5. Correcting an initiative to reflect that the MaineCare reimbursement is limited to behavioral health services; and
6. Deappropriating funds to offset an appropriation in an initiative in the committee amendment that should have been eliminated when statutory changes were made in the enacted version of the unified budget bill.